



Sustainable Development Goals

How can INTOSAI contribute to the 2030 Agenda for Sustainable Development?

Update: this document contains an update of the original theme paper produced at XXII INCOSAI, Abu Dhabi 2016.

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Section 1

Objective of this Paper

The purpose of this paper is to update all interested parties on the planned response by INTOSAI to Sustainable Development Goals as set out in the Abu Dhabi Declaration and the INTOSAI Strategic Plan 2017-2022.

The planned response is set after consultation with those parties that has been engaged with the SDGs prior to and during the Congress as well as other relevant parties that have been identified subsequent to the Congress.

Please see Appendix 1 for the relevant extracts from the INTOSAI Strategic Plan and the Abu Dhabi Declaration

Summary of Key Developments

Building on the 4 Approaches

Previously, INTOSAI has undertaken research and produced significant documents on our approach to the SDGs in the preparation for the theme on SDGs at the XXII-INCOSAI. This paper builds on the results of further collaboration surrounding the 4 approaches and the identification of experts on the four approaches as envisaged by the Theme paper and the Abu Dhabi Declaration. The involvement of other crucial role players such as the INTOSAI Regions and the Goal Chairs is not covered in this paper. However, both the Regions and the Goal Chairs are members of the Supervisory Committee on Emerging Issues (SCEI). The SCEI is will receive feedback on the SDGs as envisaged in the Abu Dhabi Declaration and Regions and Goal Chairs role will be covered separately through the actions of the SCEI.

In Section 2, the 4 approaches, as defined in the Theme paper, have been updated with the latest developments. As we are still in the development stage, there is still a significant amount of discussions that are taking place.

In response to the ideals of being agile and not creating new structures, we have looked for leadership over the different approaches from within the current structures of INTOSAI. Table 1 below sets out the current thinking. We expect for the approaches to be embedded and given authority within our structures will take time. However, as elaborated in Section 2, this doesn't prevent excellent work such as the community of practices to take place throughout our community.

Table 1: Response to the SDGs: Development of INTOSAI 4 approaches

Key Question	Approach 1	Approach 2	Approach 3	Approach 4
<p>What will we do?</p>	<p>Support SAIs in conducting reviews of preparedness for implementing SDGs at national level (SAI Netherlands)</p> <p>Support SAIs in conducting ISSAI based performance audits of preparedness for implementing SDGs, using a whole of government approach (KSC- IDI programme on Auditing SDGs)</p> <p>Extract information about countries readiness to implement, monitor and report on the SDGs, through, for example, SAI review or audit reports, community of practices throughout the INTOSAI community including Netherlands, Canada and KSC/IDI.</p> <p>Aggregating the results in terms of seven steps</p>	<p>Request the Performance Audit Subcommittee to consider adopting and build on the audit findings framework.</p> <p>Build a process to obtain information from SAIs to:</p> <ul style="list-style-type: none"> • Identify audits to be conducted against each SDG; and • Consider aggregated report 	<p>Request the Internal Audit Subcommittee to consider adopting the maturity model on PFM that is being researched by GIZ.</p> <p>Build a process to obtain information from SAIs to consider aggregated reports on PFM.</p>	<p>Draw on the results from the global survey and work in relation to SAI PMF and do further research on the key indicators by IDI to present a preliminary report.</p>

	presented under approach 1 in the Theme Paper.			
Who is responsible?	Canada, Commissioner on Sustainable Development	Norway, Chair of the Performance Audit Sub-Committee	Poland, Chair of the Internal Control Sub-Committee	IDI Secretariat
When can we expect outputs / deliverables?	<p>Early 2018: First results showing countries preparedness to report against the SDGs against the seven steps.</p> <p>Late 2018: First draft of a global report on countries preparedness to report against the SDGs</p> <p>Mid-2019: Final report to be presented to the HLPF meeting</p>	<p>Late 2017: Mature audit findings framework that has been prioritized at PAS meeting in April 2017</p> <p>Late 2017: Identify the goals that the framework will be used on</p> <p>Late 2018: First results from using the framework on predefined goals</p> <p>Mid-2019: Report to the HLPF on the results taken from the use of the audit findings framework against selected goals</p>	<p>Late 2017: Agree on an PFM framework that has been prioritized at ICS meeting in June 2017</p> <p>Late 2018: First results from using the PFM framework</p> <p>Mid-2019: Report to the HLPF on the results taken from the use of the PFM framework</p>	<p>Late 2017: First sets of results and synthesis of information from the Global Survey on SAI performance</p> <p>Late 2018: Second sets of results and synthesis of information from the Global Survey on SAI performance</p> <p>Mid-2019: Report to the HLPF SAI performance</p>

Communication, Capacity and requests for Information

To ensure that the efforts taking place all across our community are given due regard it is essential that communication is effective. The KSC portal will be used to update the INTOSAI Community.

However, to achieve the demands of developing frameworks, monitoring and reporting on the 4 approaches across the global community takes resources. The Chair of INTOSAI is currently in negotiations with the SAI of Germany and the GIZ to look at ways of providing such capacity.

Approach I:

Assessing the preparedness of national governments to implement, monitor and report on progress of the SDGs, and subsequently audit their operation and the reliability of the data they produce

Responsible: Canada Commissioner for Sustainable Development

Approach I is about reviewing or auditing the preparedness of governments in order to implement the SDGs, and to assess the systems governments has put in place for monitoring and reporting on progress against the SDGs.

The economic, social and environmental challenges that the SDGs aim to address cannot be treated separately by fragmented institutions, policies and mechanisms¹.

The 2030 agenda calls for a whole-of-government thinking, with each country adapting the global SDGs to its own national policies and targets, depending on their circumstances, capacities and priorities. Implementation entails ensuring that clear reporting and accountability arrangements are in place, and that there is adequate coordination and coherence between the different levels of government (national, regional and local).

Government organisations will also need to move from sectorial perspectives towards a more integrated decision-making processes and an ‘issues-oriented’ agenda. This requires leadership, a clear commitment at the highest political level, the formulation of a national strategy and the identification of priority areas. Effective mobilisation, use and allocation of available resources – public, private and international - and the possibility of using diverse sources of finance must also be addressed. The budgetary process can be used to align national priorities to the SDGs.

Monitoring and reporting arrangements need to be reviewed and if necessary strengthened, to ensure that structures are in place and are appropriately resourced, and that reliable, complete and accurate information and data indicators can be gathered and used for updating policies and reporting on progress. In many countries it will take several years to achieve a comprehensive SDG information and monitoring system. It will require investment in building independent, professional national statistical capacities and strengthening statistical quality and standards across the globe. International organisations and donor agencies can also contribute to data production and reporting for SDG monitoring. At the UN level, the UN High Level Political Forum (HLPF) has an important role to play along with the Statistical Commission (see textbox 1).

¹ OECD (2016), *Better Policies for Sustainable Development 2016 – A new framework for policy coherence*, OECD Publishing, Paris <http://www.oecd.org/greengrowth/better-policies-for-sustainable-development-2016-9789264256996-en.htm>

Textbox 1: UN HLPF and the Statistical Commission and their involvement with the 2030-agenda for Sustainable Development²

The High Level Political Forum

The HLPF on sustainable development is the main UN platform for the follow-up and review of the 2030 Agenda for Sustainable Development.

The HLPF will provide guidance and recommendations on the basis of a global common appraisal of progress towards the SDGs. The HLPF is the culmination of a network of follow-up and review processes at the global level, and will be supported by the functional commissions of the Economic and Social Council (ECOSOC) and other intergovernmental bodies and forums. In fulfilling its role, the HLPF, will work coherently with the UN General Assembly (UNGA) and the ECOSOC.

The High-level Political Forum meets:

- every four years at the level of Heads of State and Government under the auspices of the UNGA; and
- every year under the auspices of the ECOSOC

The HLPF replaced the Commission on Sustainable Development.

The Statistical Commission

The United Nations Statistical Commission is the highest body of the global statistical system. It brings together the chief statisticians from member states from around the world.

The Statistical Commission oversees the work of the United Nations Statistics Division, and is a Functional Commission of the UN Economic and Social Council.

The Statistical Commission is responsible for the development of the dissemination platform of the Global SDG Indicators Database that provides access to data compiled through the UN System in preparation for the Secretary-General's annual report on "Progress towards the Sustainable Development Goals".

For more information on the SDG indicators see: <http://unstats.un.org/sdgs/indicators/database/>

SAIs have a relevant and independent contribution to make to the development of the process for follow-up and review of the implementation of the 2030 Agenda for Sustainable Development. This **contribution is expected to develop and change over time as the SDG cycle advances**. SAI contributions could include, for example:

- a) conducting a baseline review of the preparedness of governments to implement, follow-up and review the SDGs;
- b) conducting ISSAI based performance audits of the preparedness of governments to implement, follow-up and review the SDGs;
- c) subsequently conduct different types of audits of implementation of SDGs;
- d) monitoring and evaluating whether the systems established and used by governments for tracking and reporting progress against the SDGs are fit for purpose; and

² Source: <https://sustainabledevelopment.un.org/hlpf> and <http://unstats.un.org/unsd/statcom/>

- e) at a later stage, auditing key processes of follow-up and review and potentially providing assurance on the reliability of the monitoring data at a national level.

The above steps are highly dependent on how far governments have progressed in implementing SDGs and preparing the follow-up and review of the SDGs and whether there is an adequate basis (e.g. clear policies or specific programmes) to audit.

At this early stage we should therefore focus on getting information on how far our governments are in preparing for the implementation, follow-up and review of the SDGs. The INTOSAI community can support these efforts through knowledge sharing and capacity building initiatives for its members.

INTOSAI SDG Preparedness Model

To help guide the auditors' work, a model (see textbox 2) for the review of the preparation process, against which to judge the steps being taken, has been created by INTOSAI members. The model can be seen as a continuum for assessing how prepared a country is to report on progress against the SDGs.

The model could, for example, be used to give recommendations for missing or incomplete steps and to provide a baseline from which to measure progress over the course of the SDG implementation and report back to the UN.

Textbox 2: INTOSAI SDG preparedness model

Seven key elements for the review of countries' preparedness for the SDGs

- 1) Political commitment and the recognition that there is a national responsibility to apply the SDGs.
- 2) Building public awareness of the SDGs and encouraging dialogue and participation of different stakeholders.
- 3) Allocation of responsibility at a ministerial or other appropriate level, allocation of appropriate financial means and other resources, and establishment of accountability arrangements.
- 4) Preparation of detailed plans to apply the SDGs at national and subnational levels, including setting out the role of different governmental and non-governmental stakeholders and defining how the various goals and targets are to be achieved in an integrated and coherent manner.
- 5) Designing and establishment of the systems to measure and monitor the SDG goals and targets.
- 6) Setting baselines – the situation at the start of the process - for the different indicators, against which to judge progress made throughout the SDG lifecycle.
- 7) Monitoring and reporting arrangements on the progress of SDGs, involving all relevant stakeholders.

KSC- IDI programme for ‘Auditing SDGs’

The KSC-IDI programme on Auditing SDGs has developed a model to support SAIs in conducting performance audits of preparedness for implementation of the SDGs. The model is aligned to the INTOSAI SDG preparedness model, as both these models are based on the UN proposal for voluntary common reporting guidelines for Voluntary National Reviews (VNR) at the HLPF. To conduct this audit, the model recommends using ISSAI based performance audit process and a whole of government approach to examine three main audit objectives:

Audit Objective 1 – To what extent has the government adapted the 2030 agenda into its national context?

Audit Objective 2 – Has the government identified and secured resources and capacities (means of implementation) needed to implement the 2030 Agenda?

Audit Objective 3 – Has the Government established a mechanism to monitor, follow-up, review and report on the progress towards the implementation of the 2030 Agenda?

These audit objectives can be applied to audit preparedness for the implementation of the entire Agenda or for making progress on specific goals or targets. The KSC- IDI programme provides detailed guidance and support to SAIs in using this model and conducting a cooperative performance audit of preparedness. The guidance and the learning materials have been developed in cooperation with several partners, including UNDESA, some SAIs in the INTOSAI community, some INTOSAI regions and CCAF. The programme has been prioritized by more than 100 SAIs throughout all INTOSAI regions in the INTOSAI community. The programme is planned to be delivered in all INTOSAI regions, in cooperation with the regional bodies. In OLACEFS and CREFIAF regions the SAIs will focus on auditing preparedness for implementation of Goal 5. The above mentioned stakeholders will partner to support SAIs in planning, conducting and reporting on the performance audits of preparedness for SDG implementation. SAI audits will also be quality assured as per INTOSAI PA standards. A compendium of the audit findings and a lessons learned document will also be developed as a part of the programme and be available in 2019.

Reporting at the INTOSAI level

The use of the INTOSAI SDG preparedness model, along with SAI audit reports from the KSC/IDI Auditing SDGs programme, compendium of audit findings from the KSC/IDI programme and other related initiatives, provides an opportunity to gain a more in-depth understanding of the challenges affecting the implementation, monitoring and follow-up on the SDGs at the national level. This in turn could feed into regional and global insight on the main challenges and best practices.

At the INTOSAI level, the initiative could be taken to consolidate these insights in the form of an **annual internal report**, based on voluntary inputs from INTOSAI members, regions and working bodies. This could serve as a medium for communicating useful cross-cutting observations, trends and recommendations. It should not be seen as setting a benchmark for country performance but rather as a channel for informing, engaging, inspiring and fostering collaboration among INTOSAI members and bodies. It could also provide insights into opportunities for strengthening capacity, introducing standards/guidance, and fostering collaboration and knowledge sharing on the audit and review of the implementation of the SDGs.

In the long term, a **publicly available INTOSAI review report** could be developed for external SDG stakeholders. This could be compiled, for example, every three years, with the first being prepared in 2019 to coincide with the XXIII-INCOSAI.

The report would focus on audit and accountability issues and could be addressed to five types of audience:

- UN and its agencies (on execution and oversight issues);
- UN member states (on preparedness, implementation, monitoring and reporting aspects);
- Political/economic unions and international organisations/institutions established to increase transnational and regional political and economic cooperation (on issues affecting the implementation of the SDGs);
- SAIs (on audit and good governance); and
- Other organisations, citizens and civil society (promoting engagement and contributing to accountability and transparency).

Not only could the external report be useful for the UN and those involved in the SDG process, but it would also help raise the profile of INTOSAI and its member organisations and the important work they perform.

There would be no compulsion for SAIs to contribute to this initiative.

Approach II:

Undertaking performance audits that examine the economy, efficiency, and effectiveness of key government programmes that contribute to specific aspects of the SDGs

Responsibility for developing the Framework SAI Brazil and discussions being held with Performance Audit Subcommittee on adopting the Framework.

This Approach is about how SAIs can start to use their performance audit work to review, guide and report on matters relating to the SDGs. Audit results could be aggregated regionally as well as globally by applying a standard ‘audit findings framework’.

In Approach II we are trying to **harvest the outcome** from all the different types of performance audits that are conducted within our community on matters related to the SDGs. We believe that we can get a more in-depth understanding of the challenges to achieve progress against the SDGs by analysing the results of our performance audits and aggregating the results. This could also provide insights on what kind of policies and strategies that can be enablers towards achieving improved outcomes with regards to the SDGs.

For example, any performance audit on primary education will most probably touch upon elements of SDG 4 “Quality Education” and one or more of the related targets. This will be the case even if the audit team is not aware that the topic of the performance audit is related to goal 4. The performance audit will cover different aspects of the government’s effort to improve primary education and may show where there can be room for improvement if there are absent or deficient policies and/or strategies and if they are on the right path. A conclusion might be that the primary education in the country is not improving due to a lack of qualified teachers and that there are no strategies in place to grow the numbers of qualified teachers in the future. The outcome from such a performance audit on primary education will give valuable inputs to get a better understanding of the efforts the country is taking to improve education and the challenges to achieve goal 4.

Approach II is not intending to conduct overall audits/reviews on a country’s ability to achieve and report on their commitments to the SDGs, this is to be done under Approach I. Approach II will instead use the performance audits conducted throughout our community to gather knowledge about the efforts taken by our governments to achieve progress against specific SDGs (goals or targets), e.g. healthcare, education and infrastructure. This should also provide insights on the activities that are likely to work and the enablers towards achieving improved outcomes in specific areas of the SDGs.

In order to further contribute to the SDG process efficiently and effectively, a results framework (see textbox 3) that can be adapted to all types of performance audits has been developed by the SAI of Brazil. This framework was developed, initially using the results of a survey carried out by INTOSAI Working Group on Environment Auditing for the UN Conference on Sustainable development in 2012 (Rio+20).

The proposed framework provides INTOSAI with a tool to aggregate performance audit results at regional as well as the global level, so that results can be analysed in a systematic way. Furthermore, it can be used as **a basis for reporting to the UN on challenges, progress etc. on selected SDGs.**

Reporting Against the Performance Audit Finding Framework

The framework was first tested in a large scale pilot designed to assess the usefulness of the tool and refine it. For that, two SDGs were selected: SDG 3 “Good health and well-being” and/or SDG 4 “Quality education”. In order to produce this proof of concept report, 108 countries were invited to apply the Audit Findings Framework to one or more audits carried out between 2000 and 2015 on the topics of health and education. From the invited SAIs a total of 30 submitted their contributions. From these, we had 39 audits on topics that fall within SDG 3 (health) and 24 audits that covered issues of SDG 4 (education).

SAI Brazil, with the support of SAU UAE, presented the results at the XXII-INCOSAI. The proof of concept report successfully demonstrated that it is possible to aggregate performance audit results carried out by SAIs through an Audit Finding Framework. The audits are able to provide information into key areas, show risk areas and opportunities for the improvement of policies and programs, while being a credible source of independent and objective insight and guidance to support beneficial change in the public sector.

Moreover, the results obtained in this report are relevant to the Sustainable Development Goals even though the SDGs were not taken into consideration in the audit design. SAIs pointed out that they often conduct audits on topics related to sustainability e.g. education, healthcare and infrastructure, but the choice of such audits are often made without giving consideration to the relationship to the SDGs. It is crucial to ensure that SDG thinking is incorporated in all phases of the audit process, including:

- choosing audit topics;
- considering the SDGs as a horizontal priority in strategic plans of SAIs; and

Planning of audits would eventually result in better coverage of SDGs in audit reports.

Another important outcome of the proof of concept report was a revised version of the Audit Findings Framework. Taking into account the feedback provided by the SAIs that contributed to the exercise, a new framework was proposed, adapting the risk factors and aligning them to the phases of the policy cycle.

The new performance audit finding framework is illustrated below.

Textbox 3: The Performance Audit Findings Framework

The performance audit findings framework suggests a 4-step Approach:

- Step 1: Describe the audit conducted
- Step 2: Identify which goals and/or targets were the subject of the audit
- Step 3: Analyse audit conclusions through 10 defined risk factors
- Step 4: Considerations regarding audit conclusions and the implications for the fulfilment of the identified targets

Examples of the defined risk factors:

Coordination across government

Due to the nature of the issues related to sustainable development, in many cases the institutional framework for sustainable development is cross-governmental and requires more work from governments in order to integrate economic, social, and environmental aspects. Governments have adapted to this new reality by aiming to create more integration among ministries, departments and agencies, and programs and projects. However, sometimes there can be a lack of clarity regarding the specific role each one of those entities plays and what they are responsible for, resulting in overlapping responsibilities across agencies and departments. These overlaps compromise the effectiveness of policy coordination and duplicate efforts.

Plan of action

Targets, objectives, or commitments may be in place for some policies, but they are not always supported by comprehensive and specific national, regional, or sectorial strategies, plans and adequate means of implementation. Without the involvement of all affected levels of government, an overall policy or strategy cannot be well implemented and achieve the desired national results.

Following the positive outcome of the Congress and the discussions on Approach II carried out during the event, going forward there should be an evaluation and adoption of the new proposed Audit Findings Framework to be disseminated among SAIs. Also, there should be an agreement on a multiannual plan that presents the goals and/or targets which the INTOSAI community could focus on over the lifetime of the SDGs (until 2030). One suggestion is the adoption of the goals that are scheduled each year for in-depth review by UN's High Level Political Forum (HLPL). So far, a list has been approved for the 2017-2019 period: 2017 - Goals 1, 2, 3, 5, 9 and 14; 2018 - Goals 6, 7, 11, 12 and 15; 2019: Goals 4, 8, 10, 13 and 16.

Approach III:

Assessing and supporting the implementation of SDG 16 which relates in part to effective, accountable and transparent institutions

SAI of the United Arab Emirates in conjunction with the *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) will work on developing the maturity model and Framework and then propose adoption by the Internal Control Subcommittee.

This Approach focuses on the role of SAIs in supporting the achievement of Goal 16 related to the building of ‘effective, accountable and transparent institutions at all levels’.

When assessing the meaning behind goal 16 we can see that the broad and complex issue of “good governance” is at its core. The term good governance is often translated in the financial management environment as being associated with good public financial management. The commitment by INTOSAI and its SAI members to be major contributors to global and national good governance was clearly articulated in the Beijing Declaration of 2013. Given the essential interrelationship among all of the SDGs, Goal 16 seeks to ensure that national governments have the institutional capacities to operate effective, accountable and transparent institutions which are needed to fulfil the ambitions of the 2030 Agenda for Sustainable Development.

The ability of governments to deliver public services in a sustainable manner is largely determined by the soundness of their public financial management systems through, for example:

- The ability to raise sufficient revenues;
- To plan and execute their budgets in an orderly manner; and
- To ensure accountability and transparency in government affairs.

It is important to take a holistic view at public financial management (PFM) systems, and also consider the overall governance environment in which public finances are embedded. A mechanism to evaluate PFM has been provided through the Good Financial Governance model, see figure 4. Good Financial Governance (GFG) recognises that public financial management processes are interdependent. The PFM system largely focusses on the technical dimension as shown in figure 4. However, it is important for the technical dimension to be put into the correct context, through understanding the relationship between this technical dimension and the other elements, namely the normative dimension and the political economy dimension.

Figure 1: Good Financial Governance: dimensions and areas of action³



If we do not recognize the other dimensions it can be the reason why the same audit findings appear year after year. The findings may continue to occur because we only direct the problem to the technical dimension, but the real underlying cause of the problem is linked to the political economy dimension or the normative dimension.

Textbox 4: Example of the interrelationships within the technical dimension of the PFM system

If public expenditure is ineffective and citizens do not benefit from public services, this may lead to a lack of compliance and negatively impact revenue collection. This in turn can lead to poor budget planning which can affect cash management which effects service delivery. Furthermore, a lack of controls and unreported government operations may mask a larger deficit than that which is reflected in the financial statements. The effect of this would be to drive up short-term borrowing operations of government, with negative impact on future spending ability.

The PFM challenges are relevant throughout the globe, as witnessed during the global financial crisis where previously secure economies and government finances were exposed. Currently, **information about PFM systems are collected primarily by external entities** such as Public Expenditure & Financial Accountability (PEFA) and the World Bank⁴. They review, assess, and report on a country's PFM system or processes. These reviews are based on surveys and interviews with key personnel every few years and typically form the basis for strategies to reform PFM systems or processes.

³ Source: BMZ Strategy Paper 4/2014 (https://www.bmz.de/en/publications/type_of_publication/strategies/Strategiepapier342_04_2014.pdf)

⁴ World Bank (WB) Public Expenditure Review (PER)

Textbox 5: PEFA summary⁵

PEFA is a methodology for assessing public financial management performance. It provides the foundation for evidence-based measurement of countries' PFM systems. A PEFA assessment measures the extent to which PFM systems, processes and institutions contribute to the achievement of desirable budget outcomes:

- Aggregate fiscal discipline,
- Strategic allocation of resources, and
- Efficient service delivery.

PEFA identifies seven pillars of performance in an open and orderly PFM system that are essential to achieving these objectives. The seven pillars thereby define the key elements of a PFM system. They also reflect what is desirable and feasible to measure. The pillars are as follows:

The Seven Pillars of PFM Performance



SAIs through their annual audits could validate aspects of PFM systems at the transactional level. **SAIs have a lot of detailed knowledge about the PFM system and processes** which is not necessarily systematically assessed and publicised.

SAIs, can directly contribute to the achievement of SDG 16, through their audits of PFM systems. SAIs, through auditing government accounts and operations, play a major role in promoting sound public finances and overall accountability in their governments. It is a fundamental task of SAIs to examine whether public funds are spent economically and efficiently in compliance with existing rules and regulations. As SAIs review resource mobilization (Revenue) and expenditure management (Expenses), they assist in improving key PFM processes, which is a part of the technical dimension. Thereby, SAIs contribute to the fight against corruption, when we review internal controls and make risks visible by publishing these findings and recommendations in the public domain.

Developing a PFM Reporting Framework

Currently there is no recognized reporting mechanism for SAIs to provide comprehensive feedback on a country's PFM system. We therefore recommend to **develop a framework that can help SAIs to review their countries PFM system and processes.** The framework should allow SAIs to assess the functionality

⁵ Source: <https://pefa.org/content/pefa-framework>

of their national PFM systems and would build on existing experiences of SAIs, and take into account the knowledge gathered from international assessment tools such as PEFA.

The framework should help SAIs to consider the overall PFM system and to assess whether the PFM system and processes are functional and contribute to the achievement of the expected outcomes. It could also allow SAIs to advise government on the PFM system and highlight areas with risk.

By using the framework SAIs should be able to translate their audit results that might have been reported through the overall report or entity level reports (see textbox 6), into a review of the country's PFM system. This will minimise the need for any additional audit capacity to give advice on a country's PFM system and processes.

Textbox 6: Overall reports and entity level reports

Overall report:

Where SAIs produce overall reports (referred in some jurisdictions as general or annual reports) they detail the key challenges facing public administration. The issues covered in these reports can include, for example, matters relating to asset management, human resources, revenue and procurement.

The information provided in these overall reports is drawn from the financial, compliance and performance audits that are traditionally undertaken by SAIs. In recent years the scope of this work has been broadened in certain environments to include the audit of non-financial information. The non-financial information is often related to key performance indicators (KPIs) and included in the annual reports issued by the entities.

Entity level reports:

This is where SAIs provide audit results in the formats of management' letters and audit reports. Management letters are issued to the entity setting out the detailed audit findings. The audit reports - which are addressed to the external stakeholders - generally only present a summary of the most important findings. This limited access to information may make it difficult to prepare a comprehensive assessment of the PFM processes. We will need to take this into consideration when developing the results framework.

SAIs should also be able to use the framework to monitor improvement of the PFM systems over a certain period. In order to do so data is needed to build a benchmark against which a country's PFM performance could be assessed. Key areas of review would be the existence and the design of internal controls in the PFM processes, as well as the functioning and effectiveness of other core PFM processes which will also prevent and mitigate the likelihood for fraud and corruption.

Reporting against the PFM Reporting Framework

A crucial element in Approach III is how to collate information on national PFM system and processes and aggregate this at a regional and global level. Another important element is how this information can be presented and to who it should be presented.

As SAIs review and audit PFM processes using the PFM Reporting Framework, information could be systematically collected at the regional and global level.

SAls insider perspectives on the elements that are needed for a functioning PFM systems, as well as the challenges and how to overcome them, should have an impact on national reform discourses as well as discussions within the global PFM community.

At the INTOSAI level, the initiative could be taken to aggregate information on a **country's PFM systems and processes into a global report**, based on voluntary inputs from the INTOSAI community. This could serve as a medium for communicating useful cross-cutting observations, trends and recommendations. It should not be seen as setting a benchmark for PFM performance but rather as a channel for measuring how PFM system and processes are functioning and in the longer run to see if any improvements are being made.

We should aim to produce a first report to coincide with the XXIII-INCOSAI and to be presented at the HLPF in 2019. The first global report on PFM systems and processes could set the baseline to be used to measure progress in PFM systems and processes over the timeframe of the SDGs.

Approach IV:

Being models of transparency and accountability in their own operations, including auditing and reporting

To be taken forward by IDI.

Approach IV is about how SAIs can be models of transparency and accountability in the way they are organised and run. SAIs need to “walk the talk” and lead by example in demonstrating good governance.

The Approach IV looks at how we can measure the improvement that is being made in SAIs performance, and how we can showcase this to external stakeholders.

We want to be able to report on SAI performance - on a global level - to external stakeholders. We aim to achieve this by applying a simple Approach that builds on readily available information.

Reporting Against a Global Performance Framework

With inspiration from the SAI Performance Measurement Framework (SAI PMF) and the Institutional Capacity Building Framework (ICBF) (see textbox 7), **we want to create a global SAI performance evaluation framework that can showcase how SAIs across the globe are performing and how this performance is improving.**

Textbox 7: Tools for assessing SAIs performance

SAI PMF:

The INTOSAI Working Group on the Value and Benefits of SAIs (WGVBS) has developed the SAI PMF as a tool for measuring, monitoring, managing and reporting on the performance of supreme audit institutions. The SAI PMF is a development tool to help SAIs to “Walk the Talk”. It is a visible demonstration that INTOSAI is working to improve the performance of SAIs and to make them model organisations.

ICBF:

AFROSAI E has developed and uses a tool called the ICBF that was adopted in 2006. The tool works as a guidance for self-assessment for member SAIs, as well as a benchmark for regional development. It can help SAIs reach the level of audit performance necessary to fulfil their mandates. AFROSAI E uses the ICBF to get knowledge about the performance of individual SAIs and to consolidate the performance of member SAIs on a regional level.

The report should not be overburdened with information but report on a few essential indicators that may already be available in most SAIs, such as:

- the proportion of staff with a professional audit qualification;
- published reports (timing and coverage);
- impact of recommendations implemented (multiannual perspective);
- feedback from external stakeholders e.g. parliaments; and
- quality assurance results.

At the INTOSAI level, the initiative could be taken to aggregate these indicators into an **annual internal report**, based on voluntary inputs from the regions and INTOSAI members that are not represented by

any region. This could serve as a medium for communicating useful cross-cutting observations, trends and recommendations. It should not be seen as setting a benchmark for SAI performance but rather as a channel for measuring how our community are performing on these few indicators and in the longer run see if any improvements are being made.

The results of the performance of individual SAIs would not be published, but would be anonymised and aggregated as a part of regional, sub-regional or similarly collated results.

The first global report on SAIs performance could set the baseline to be used to measure progress over time during the period 2016 and 2030.

In the longer run, a **publicly available INTOSAI report on SAIs performance** could be developed for external stakeholders, such as the UN and the World Bank. This could be compiled, for example, every three years, with the first being prepared in 2019 to coincide with the XXIII-INCOSAI.

Appendix 1 SDGs relevant extracts from the Strategic Plan and the Abu Dhabi Declaration

The SDGs have already been recognised as a focus for INTOSAI, to the extent that the issue has been included in the next INTOSAI strategic plan as one of five crosscutting priorities:

Crosscutting priority 2: *“Contributing to the follow-up and review of the SDGs within the context of each nation’s specific sustainable development efforts.”*

SAIs can contribute to the SDGs on many levels and at different stages. The four Approaches is a way to systemise how we Approach the SDGs and how INTOSAI can assist SAIs in their contributions to the SDGs.

INTOSAI’s contribution to the implementation of the SDGs is centred on assisting SAIs at national, regional and global levels through four broad Approaches:

- 1) assessing the preparedness of national governments to implement, monitor and report on progress of the SDGs, and subsequently to audit their operation and the reliability of the data they produce;
- 2) undertaking performance audits that examine the economy, efficiency, and effectiveness of key government programmes that contribute to specific aspects of the SDGs;
- 3) assessing and supporting the implementation of SDG 16 which relates in part to transparent, efficient, and accountable institutions; and
- 4) Being models of transparency and accountability in their own operations, including auditing and reporting.

The Abu Dhabi Declaration provided the authority for proceeding with the SDGs as stated below:

Making a meaningful independent audit contribution to the 2030 Agenda for Sustainable Development

1. The Congress identified the importance of, and interest in, undertaking audit and review work on the SDGs, and doing so through four different approaches, as elaborated in the strategic plan. Each approach will be supported by a dedicated framework which will help INTOSAI compile the key findings from SAIs’ work in this area. Overall, INTOSAI aims to become an authoritative independent voice on the challenges facing the global community in planning and implementing the SDGs and reporting on their progress.
2. INTOSAI plans to provide regular feedback to our own community on SDG-related audit issues, such as approaches, methodologies and results, in order to engage with, inform and encourage SAIs to do effective work in this area. In addition, INTOSAI will provide analysis and insight on a periodic basis to our international stakeholders on audit and accountability issues related to the SDGs, informed by the collective experience and work of SAIs. These initiatives aim to be an effective demonstration of the importance and utility of the role of INTOSAI and the output of its member organizations.
3. To follow through on our ambitions for the 2030 Agenda for Sustainable Development, INTOSAI will form an expert group to be led by the INTOSAI Chair, and reporting to the Supervisory Committee

on Emerging Issues (SCEI). This group, which will comprise internal and external experts acting as a community of practice, will oversee the development and application of the frameworks. It will adopt agile and responsive ways of working, and will involve INTOSAI's working bodies and other resources as appropriate and effective.

4. The Congress identified the following key objectives for the expert group to address in the period leading up to the XXIII-INCOSAI in 2019:
 - Developing and delivering frameworks for implementing the four approaches based on SAIs' initiatives, and a mechanism for monitoring progress and collecting information;
 - Supporting the production of high quality SDG-related information through these frameworks, and its sharing within the SAI community; and
 - Ensuring effective relations with the UN and other external partners, including informative and accessible reporting and maximising the value of future INTOSAI/UN symposia on the theme.
5. INTOSAI's overall goal is to support SAIs to make a decisive contribution to the success of the 2030 Agenda, and thereby help improve the lives of citizens around the world.