

XXIII INCOSAI 2019

Theme II 'The role of the Supreme Audit Institutions in the achievement of the national priorities and goals'

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Brief Information

INCOSAI 2019 - Theme II headed by the Accounts Chamber of the Russian Federation

The important role of SAIs in promoting the efficiency, accountability, effectiveness and transparency of public administration, which is conducive to the achievement of national development objectives, priorities and the internationally agreed development goals, was acknowledged by the UN General Assembly in Resolution A/RES/69/228 adopted on 19 December 2014.

- Theme I 'Information technologies for the development of the public administration'
 - (i) Sub-theme I.1 'Digital data application for public administration development'
 - (ii) Sub-theme I.2 'The place and the role of big data in the activity of Supreme Audit Institutions'
- Theme II 'The role of the Supreme Audit Institutions in the achievement of the national priorities and goals'
 - (i) Sub-theme II.1 'Strategic audit: evaluation of goals, impact and associated risks of governmental programs and policies'
 - (ii) Sub-theme II.2 'Foresight and analytics in SAI: environmental and social dimensions of sustainable development'

Levels of Theme II Preparation

1. **International level** - **International Expert Working Group** on the level of supreme audit institutions
2. **Professional level** - **Expert Working Group** within the Accounts Chamber of the Russian Federation (all directions of audit activities involved)
3. **Expert level** - Communication **with research community** regarding discussion topics of Theme II

Roadmap for Theme II Preparation

Schedule for professional community 1/2

- **5 March 2018**, the first Expert group meeting, the videoconference
- **End of March 2018**, preparing the draft Principal paper – *version 0*
- **March - April 2018**, receiving feedback, comments and proposals on the draft Principal paper from the Expert group - *version 0*
- **April - May 2018**, preparing the draft Principal paper – *version 1*
- **24-25 May 2018**, the second Expert group meeting in Russia, agreement in principal on the updated draft Principal paper - *version 2*
- **June 2018**, draft Principal paper *version 3* confirmed by the Expert group members
- **June – July 2018**, translation of the draft Principal paper *version 3* into 5 official INTOSAI languages (SAI of the Russian Federation).

Roadmap for Theme II Preparation

Schedule for professional community 2/2

- **September 2018**, disseminating the draft Principal paper *version 3* among the INTOSAI members
- **September – December 2018**, receiving feedback, comments and proposals on draft Principal paper - *version 3*
- **December 2018 – January 2019**, preparing the draft Principal paper - *version 4*
- **January – February 2019**, disseminating the draft Principal paper – *version 4* to the Goal Committees and the regional organizations for the feedback, comments and proposals.
- **February – March 2019**, preparing the Theme II Discussion paper, based on the draft Principal paper – *version 4* after receiving the comments of the regional organizations and Goal Committees.
- **May 2019**, Principal paper and Discussion paper and other documents will be placed on the INCOSAI website

Roadmap for Theme II Preparation

- Working Group on Key national indicators meeting in Rome, 26-29 March, 2018
- The agenda for the second day - Discussion on Theme II topics
- Documents to be discussed
 - (i) **"Guidance on audit of the use and development of key national indicators"** (to be endorsed at XXIII INCOSAI in 2019)
 - (ii) **"Guidance on the audit of reliability of macroeconomic forecasts"**

Audit of Reliability of Macroeconomic Forecasts

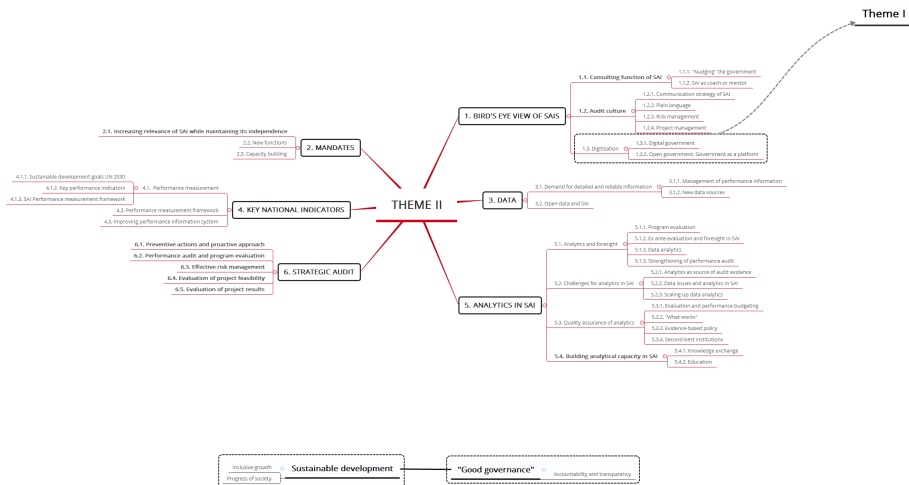
Motivation: Demand for a reliable economic forecast used within the budget preparation process

Official forecasting is not a mere technical exercise...

- Upward bias in official forecasts due to political pressure (e.g., penalization of underforecasting economic growth)
- Bias in official forecasts due to confusion of the forecast with the government goals
- Cognitive bias in official forecasts due to a wide range of basic judgmental errors (too optimistic or pessimistic)

Theme II Mind Map

Theme II. The role of the Supreme Audit Institutions in the achievement of the national priorities and goals



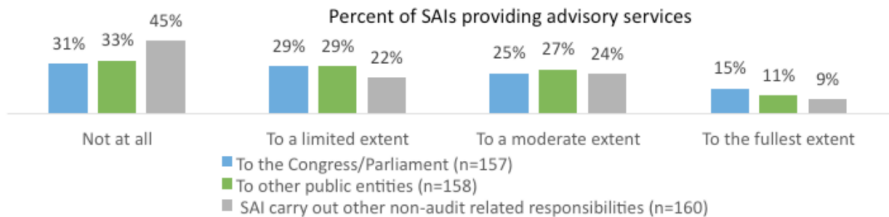
Expert Working Group on Theme II Preparation

Tentative (suggested) topics

Six interrelated topics **represent challenges and opportunities** for SAIs to make effective and valuable contribution to enhancement of good governance and achievement of national goals

1. **Advisory activities and counseling** - to take on board a forward-looking approach (recommendations to enhance the economy and efficiency of public administration)
2. **Strategic audit** - to facilitate program evaluation and assessment of associated risks of public programs and policies in SAIs
3. **Data and analytics in SAIs** - to search for new opportunities of digital revolution
4. **Risk management** - to provide a direction of performance improvement through better risk management in government
5. **Open data** - to reveal ways to increase efficiency of public sector
6. **New communication strategy** - to deliver results in plain and clear language

Advisory Activities and Counseling 1/3



Source: Global SAI Stocktaking Report, 2017

Advisory Activities and Counseling 2/3

- The significance of advisory activities was supported by the discussion on the 22-nd UN/INTOSAI Symposium *"Audit and Advisory Activities by Supreme Audit Institutions: Opportunities and Risks, as well as Possibilities for Engaging Citizens"* :
 - "The purely retrospective identification of shortcomings and deficiencies **is no longer sufficient for SAIs** to be perceived as an effective control element.
 - Audit and advisory activities are **two faces of one and the same coin**:
 - problems and potential for improvement are analyzed and identified in the course of retrospective, fact-based audits
 - forward-looking advisory activities are approached with recommendations to enhance the economy and efficiency of public administration and improve public governance" .

Advisory Activities and Counseling 3/3

- The auditor as 'coach and mentor rather than critic and nark'? (Bourn,2007)
What can auditors contribute to good governance and achievement of national goals?
- Relevance of SAIs vs. Independence
- Expanding SAI's mandate

“Strategic audit”

- Preventive actions and proactive approach in supreme audit institutions
 - Ex ante evaluation of programs and projects
 - Foresight and forecasting activities
 - Strengthening of performance audit
 - Data analytics
- Impact evaluation of public programs and projects - building analytical capability
- The role of SAs in **improvement of risk management in government**:
 - What are SAs' approaches to identification, assessment, monitoring risks and analyzing the risk management framework developed by the government?
 - How should SAs deal with high-risk budget areas?
- Assessment of associated risks of governmental programs and policies

How to deliver with limited resources?

Analytics in SAIs

- Challenges for analytics in SAI
 - Analytics as source of audit evidence and related challenges
 - Data quality, new sources of data
 - Scaling-up data analytics projects in SAIs
- Quality assurance of analytics in government?
 - Related recommendations and review of analytical algorithms and models to identify data quality problems, weakness of modelling and flaws in approach to forecasting
 - Broader context of analytic activities in government: engagement of citizens and expert communities ("What works" networks to make evidence-based policy work)
- Building analytical capacity in SAI
 - Organization structure
 - Knowledge exchange and education
 - On-line education

How to deliver with limited resources?

Open and linked data

Linked data is a method of sharing structured and interlinked data for use of government, business and citizens.

- **Promoting open data in government:** SAIs could inform and nudge governments by showing benefits of public data openness and **delivering publications** for civil servants and the public
 - Dissemination of the best practices related to open and linked data (supply side of data) and the use of data (demand side of data)
 - SAI of Brazil 'Five reasons to open data in Public Administration' - [link](#)
 - SAI of Netherlands 'Open Data Trend Report' - [link](#)
 - Dissemination of the best practices related to use of data (demand side of data)
- **Promoting open data in SAIs:** What are the best practices of SAIs regarding publication of their open data?
 - SAI of Czech Republic open data - [link](#)

Communication strategy

- SAls need to clarify and explain complex issues related to performance auditing, program evaluation and advisory activities in SAls.
- How to enhance SAls capability to deliver results **in plain and clear language**?
- How could SAls boost their communication with expert community - a valuable source of relevant expert information and expert opinions?
- Citizen engagement

Takeaway message (key questions)

- To your opinion, what are the most urgent topics related to Theme II?
- Based on your SAI's experience, what are the practical cases related to Theme II that you could share?