

Resource Kit on SAI Independence for SAI Leaders



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Introduction

Independence is a critical prerequisite for any Supreme Audit Institution (SAI) to carry out its mandate effectively and add value to citizens. The independence of a SAI from the executive bodies it audits is fundamental to its role as an agent of accountability and to building trust between the state and society.

Evidence from the forthcoming IDI Global Stocktaking Report shows that SAI independence is under threat, or declining, in many parts of the world. The report shows that one-fifth of SAIs globally find that the legislation regulating their SAIs provide insufficient protection to Heads of SAIs against termination of tenure. The report also finds that less than half of the SAIs surveyed confirm that they have timely, unconstrained and free access to all necessary documents and information discharge of their statutory responsibilities.

SAI leaders have an important role to play in safeguarding the independence of the institutions they head. The challenges and opportunities for advancing independence will vary according to country contexts, political environments, and institutional frameworks. SAI leaders may play a key role by advocating for “de jure” and “de facto” independence of their institutions within the broader institutional framework and by integrating independence as a strategic element integrated in the day-to-day operations of their organizations.

Objective and Content of the SAI Independence Resource Kit for Heads of SAI

The Resource Kit on SAI Independence for SAI Leaders is a reference guide for those who occupy SAI leadership positions. The objective of the resource kit is to provide SAI leaders with an overview of the meaning and implications of SAI independence, the challenges in obtaining and safeguarding it, as well as resources and partnerships that can be of use in the journey towards enhanced independence.

The Resource Kit is divided into three sections. The *Understanding Independence* section defines independence, its benefits, and the role of SAIs in government oversight and accountability, highlighting the principles of SAI Independence as established by INTOSAI. The *Assessing SAI Independence* section highlights various assessment tools that can be used to determine the independence level of SAIs. Finally, the *Supporting SAI Independence* section gives an overview of international references, partners and support to SAI independence, including the SAI Independence Rapid Advocacy Mechanism (SIRAM).

Understanding SAI Independence

What is a Supreme Audit Institution?

Governments are entrusted with the power to collect, allocate and spend public funds. SAIs provide a check on Governments' use of public resources through regular audits of government budgets and expenditures. SAIs provide objective and unbiased information on how public funds are managed – or mismanaged – by making the results of their audits available to Parliaments and the public.

The institutional models of SAIs vary depending on their political, social, and cultural environment and history. Some may follow the Legislative (or Westminster) model, reporting directly to Parliament, while others may follow the Judicial (or Napoleonic) model and are a part of the judicial system. The Board or Collegiate is another variant of the Legislative model. For each model, independence is a key principle for the SAI to operate according to its mandate and deliver on its role as an agent of accountability.

Why is SAI independence important?

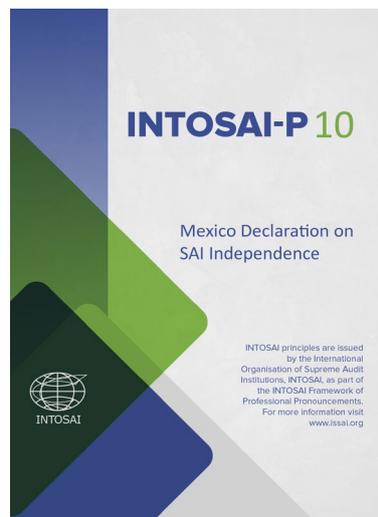
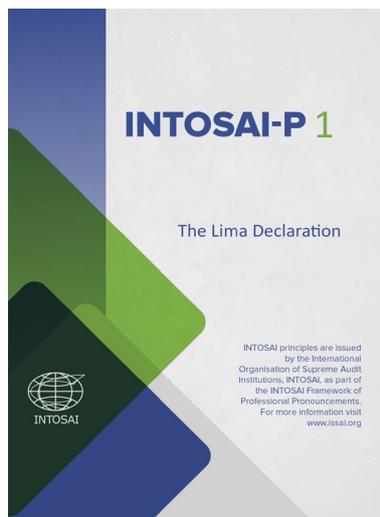
Independence is a critical prerequisite for any Supreme Audit Institution (SAI) to carry out its mandate effectively and add value to citizens. The independence of a SAI from the executive bodies it audits is fundamental to its role of holding governments to account, and to building trust between the state and society.

Accountability may be defined as “constraints on governments' use of power”. There are several ways that a government can be held accountable for their actions: **Vertical** accountability refers to citizens' ability to hold governments to account through elections; **horizontal** accountability refers to the oversight and control provided by other state institutions, such as the legislature, the judiciary and oversight institutions; and diagonal accountability refers to the accountability role played by civil society and the media.

SAIs may be defined as “horizontal” agents of accountability, along with other institutions (legislature, judiciary, anti-corruption agencies, ombudspersons, among others). SAIs' ability to effectively act as agents of accountability will however depend on the degree to which they are seen to be independent from the government.

Defining SAI Independence – the INTOSAI Lima and Mexico Declarations

INTOSAI has long recognized the importance of the independence of SAIs and has been instrumental in defining and mainstreaming the concept of SAI independence. The principles of SAI independence have been laid down through the adoption of two key documents: The INTOSAI Lima and Mexico Declarations.



The [Lima Declaration](#) (INTOSAI P-1), endorsed in 1977, sets out the principles of independence of public sector auditing in methodological and professional terms. The Declaration was the first INTOSAI document to comprehensively set out the importance of SAI independence by reminding INTOSAI members and their stakeholders that SAIs can only be objective, credible, and effective if they are independent of the audited entity and are protected from outside influence.

Following an increased recognition of the independence challenges faced by SAIs, INTOSAI issued a second key document in 2007, known as the Mexico Declaration. [The Mexico Declaration](#), or INTOSAI-P10, expands on the Lima Declaration highlighting eight principles of SAI independence:

1. The existence of an appropriate and effective constitutional/statutory/legal framework and of de facto application provisions of this framework.
2. The independence of Head of SAIs and members (of collegial institutions), including security of tenure and legal immunity in the normal discharge of their duties.
3. A sufficiently broad mandate and full discretion, in the discharge of SAI functions.
4. Unrestricted access to information.
5. The right and obligation of SAIs to report on their work.
6. The freedom to decide the content and timing of audit reports, and to publish and disseminate them.
7. The existence of effective follow-up mechanisms on the SAI's recommendations.
8. Financial and managerial/administrative autonomy, and the availability of appropriate human, material, and monetary resources.

See more information on each of the principles on the webpage of the [SAI Independence Resource Centre](#). PASAI has also developed a useful [SAI Independence resource kit](#) with detailed information on each of the principles, accompanied by legal examples from the Pacific region.

Independence and legal frameworks

As established by Mexico Declaration Principle 1, the independence of a SAI should be guaranteed by the Constitution and legal framework regulating the SAI. Such formal conditions are usually referred to as “de jure independence”.

In practice, aspects of SAIs work may be covered by other laws and regulations related to Public Financial Management, Public Service, Transparency and Access of Information, Public Works, Parliament and Judiciary. In the case of a lack of alignment between different legal provisions, the independence of the SAI may be put into question.

While the establishment and revisions to the legal framework may be outside the direct control of a SAI, SAI leaders have a role to play in advocating for a solid legal framework guaranteeing the independence of the SAI in line with the principles of the Mexico Declaration, as well as for the alignment between different legal provisions regulating the role of the SAI.

Independence in practice

Independence involves more than a set of rules. **While independence may be guaranteed by law, this may not always be the case in practice. SAI independence in practical terms is often referred to as “de facto independence”.**

SAI independence may be influenced by a variety of factors, depending on the country context and governance setting. **Common threats to SAI independence in practical terms may include:**

- external pressure to remove the head of the SAI
- pressure for legal amendments to downgrade the institutional status of the SAI
- amendments to the constitution which downgrade the powers of the SAI
- delays in the nomination or appointment of the Head of SAI
- unfounded legal challenges from government to the SAI’s mandate
- politically driven attempt by Parliament to impede the timely publication of audit reports
- inadequate follow up of SAI reports by the government or Parliament
- sharp cuts in SAI budgets

When dealing with such threats, SAI leaders need to identify opportunities and allies. Examples of external support to SAIs and SAI leaders that experience threats to their independence are described in the next section.

While many of the challenges and threats are outside the direct control of the SAI, it is also fundamental for SAIs to build and consolidate their independence. A first element of this approach is to aim to integrate independence as a key element in the organizational strategies and day-to-day operations of the SAI. **Secondly, SAI leaders also has a key role to play in defining the partnerships and networks that are required to advocate for independence and to communicate the relevance of the SAI work.** These will include, but are not limited to:

- members and committees of parliament
- the ministry of finance or its equivalent, and other organs of the Executive
- professional bodies and academics
- civil society organizations and media operating in the country

Furthermore, SAI staff are important ambassadors for SAI independence. Their understanding of, and commitment to, independence, as well as their ethical behavior and conduct, are critical for the SAI to effectively execute its mandate and deliver value and benefits to citizens. The independence of the individual auditors from the agencies they audit is essential for the broader independence of the institution. SAI leaders are responsible for establishing the ethical rules that must be followed by the SAI staff, for instance, through a Code of Ethics¹, but also for establishing the appropriate measures to supervise its fulfilment.

¹ The INTOSAI Professional Pronouncements include [the ISSAI 130 Code of Ethics](#) which can be either adopted or adapted by SAIs. [INTOSAINT](#) is a tool broadly used by INTOSAI community to self-assess integrity risks in Supreme Audit Institutions.

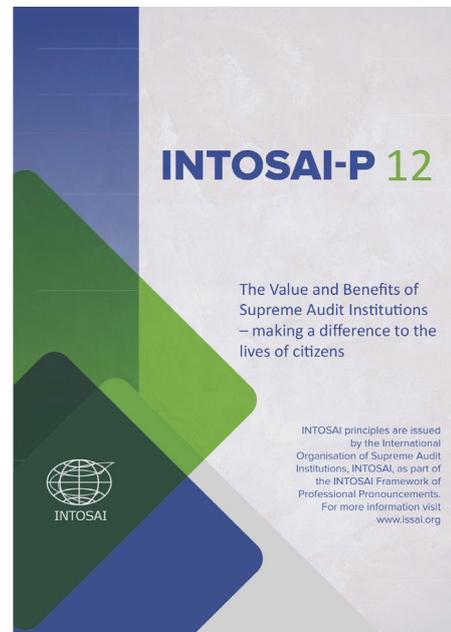
Strategic approaches to maintaining SAI Independence

Independence is not a fixed goal. It is a dynamic institutional aspiration to be achieved through continuous efforts. **The best approach to maintain and strengthen independence is for a SAI to acquire trust, by demonstrating credibility, competence and transparency in the way it works and manages its resources.**

The [INTOSAI-P 12](#) Value and Benefits of Supreme Audit Institutions principles provide a reference for SAIs in this work. They point to the need for SAIs to demonstrate relevance by appropriately responding to the needs of citizens and expectations of key stakeholders, and the emerging risks and changing environments in which audits are conducted.

SAIs should have meaningful and effective dialogue with stakeholders about how their work facilitates improvement in the public sector. This enables SAIs to be a credible source of independent and objective insight, supporting beneficial change in the public sector.

Finally, SAIs should be proactive in identifying risks in their external environment that could affect their independence. Data and information on public opinion, economic performance, social and political trends and developments, as well as the traits of the interaction with stakeholders can provide SAI with warnings on potential changes in their operating environment.



Resources on SAI Independence for SAI Leaders

The SAI Independence Resource Centre (SIRC) is an online knowledge centre which serves as an information portal on the topic of SAI Independence. Here SAI leaders can find information, publications and supporting documents, to assist in the process of effectively advocating for SAI independence.

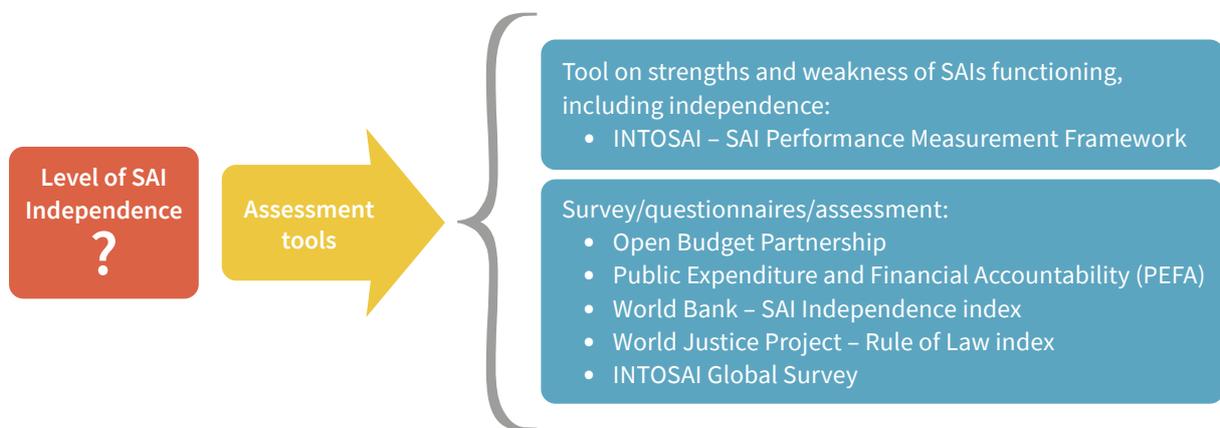
The SIRC Document Database hosts a wide collection on key documents for SAI independence. These include publications from governments, NGOs, donor and development organizations, INTOSAI, OECD and the UN. The database also includes a section mapping the latest academic research on SAI independence, including a recently published [literature review](#).

The SIRC is hosted by the INTOSAI Development Initiative (IDI). It is managed by IDI's Independent SAIs work stream, which seeks to advocate for SAI independence and to support SAIs currently facing challenges to their independence.

Assessing SAI Independence

The most common way to identify the level of SAI independence is by verifying the existence of certain legal and practical conditions, usually linked to the Lima and Mexico Declarations. This information is usually obtained through international surveys and an analysis of SAI legal frameworks, commonly carried out by international networks and organizations. While these represent instances of externally driven examinations on SAI independence, it is relevant to highlight the existence of the SAI Performance Measurement Framework, a tool established by INTOSAI, which enables SAIs to self-assess their independence.

Diagram 1. Tools to assess the level of SAI independence



Assessment tools on SAI independence

SAI PMF: The SAI Performance Measurement Framework allows for supreme audit institutions to measure their strengths and weaknesses through an evidence-based assessment of how they fare against the ISSAIs and other good practices. SAI PMF consists of six domains that capture main aspects and determinants of SAI performance. The report consists of an indicator-led analysis and a qualitative assessment of performance, which helps the SAI identify root causes of positive and negative performance, gaps and opportunities for improvement. Hence, it is a powerful capacity development tool a good starting point for any cooperation between a SAI and external stakeholder.

The first domain under SAI PMF, Domain A, assesses a SAI's Independence and Legal Framework. It examines the role and position of the SAI under the country's Constitution and whether the SAI's independence and its leadership is protected by it, both de jure and de facto. It also analyses the current legal framework regulating the SAI and covers legal, operational and financial autonomy as defined by the Mexico Declaration. Besides a thorough assessment of SAI independence in Domain A, **SAI PMF also analyses in how far independence affects the rest of the SAI's operations and performance. It is therefore a great basis for defining a strategic approach for improving SAI independence.**

Global Survey on SAIs by INTOSAI: Since 2009, INTOSAI has been conducting a global survey to assess SAI capacities and performance, including SAI independence. The results of this survey are reflected in the Global Stocktaking Report published by the INTOSAI Development Initiative (IDI): [Global SAI Stocktaking Reports \(idi.no\)](#)

Open Budget Partnership: The Open Budget Partnership designs and applies the Open Budget Survey (OBS). One of the areas examined in the survey is the independence of SAIs, seen as a precondition for holding the government account throughout the budget process. The details of this survey and its results can be found at: <https://www.internationalbudget.org/open-budget-survey>.

PEFA: The Public Expenditure and Financial Accountability (PEFA) program provides a framework for assessing and reporting on the strengths and weaknesses of public financial management (PFM) using quantitative indicators to measure performance. Since 2016, PEFA has incorporated the examination of SAI independence from the executive, with reference to some specific principles laid down in the Mexico Declaration. For instance, appointment and removal of the Head of the SAI, the way SAIs plan and report their audits, as well as their financial independence. PEFA issues a rating on these elements. The details of PEFA results, including its dimension on SAI independence can be found at [PEFA 2016 Framework | Public Expenditure and Financial Accountability \(PEFA\)](#).

World Bank Supreme Audit Institutions Independence Index: The World Bank has recently launched a framework to assess SAI independence. It includes 10 indicators of SAI independence that are based on international standards and practices, including legal, financial, mandate, coverage, and operational dimensions. The 2021 report issued by the World Bank on this index can be found at [Supreme Audit Institutions Independence Index : 2021 Global Synthesis Report \(worldbank.org\)](#).

World Bank Country Policy and Institutional Assessment (CPIA): The CPIA assesses the quality of a country's policy and institutional framework. The CPIA encompasses a domain on public sector management where SAIs are included. In particular, this tool takes into account audit scope autonomy, audit mandate, access to information, independent reporting, and operational autonomy. The details of CPIA methodology and results can be found at <https://cpia.afdb.org>.

The World Justice Project Index: This index is a quantitative assessment tool designed to offer a detailed and comprehensive picture of the extent to which countries adhere to the rule of law in practice. One of the indicators measures whether SAIs, as well as national human rights ombudsman agencies, have sufficient independence and the ability to exercise effective checks on and oversight of the government at [WJP Rule of Law Index 2020 | World Justice Project](#).

Supporting SAI Independence

International reference on SAI Independence

The fundamental importance of SAI Independence is recognized by INTOSAI, the United Nations and other key international organizations. These are important international references for SAI leaders in support of their quest for institutional independence.

United Nations: The United Nations [Resolution A/RES/66/209](#) highlighted the importance of independent and effective SAIs for improving governance and achieving the Millennium Development Goals. This was reaffirmed and expanded in UN [Resolution A/RES/69/228](#) passed in 2014. The UN Economic and Social Council (ECOSOC) has also highlighted the need for pragmatic and ongoing improvements in national and local governance capabilities to reach the SDGs, including the need for independent audit.

The [UN Convention Against Corruption/COSP Resolution 8/13](#), also called the Abu Dhabi declaration on enhancing collaboration between the supreme audit institutions and anti-corruption bodies to more effectively prevent and fight corruption encourages States parties to: promote, in accordance with the fundamental principles of their legal systems, the independence of their supreme audit institutions, which is essential to the performance of their duties.

INTOSAI: The Strategic Plan of INTOSAI 2017-2022 defines SAI independence as one of its [strategic priorities](#).

OECD: In its [Principles of Budgetary Governance](#), the Organization for Economic Cooperation and Development (OECD) includes the need to support SAIs in their role of dealing authoritatively with all aspects of financial accountability, including through the publication of its audit reports in a manner that is timely and relevant for the budgetary cycle, as part of the Principle 10.

GIFT: The [High-Level Principles of Fiscal Transparency](#) of the Global Initiative for Fiscal Transparency points out that Supreme Audit Institution should have statutory independence from the executive, and the mandate, access to information, and appropriate resources to audit and report publicly.

International partnerships and support

International organizations, civil society organizations and development partners can be valuable partners for SAIs and SAI leaders in their efforts to enhance independence.

Development partners: The [INTOSAI-Donor Cooperation](#) (IDC) is a strategic global partnership between INTOSAI and 23 development partners. Its purpose is to enhance the capacity of SAIs in developing countries through scaled-up and strengthened support efforts. Support to SAI independence is one of the key priorities of the IDC. A [SAI Independence Resource Kit for in-country donor staff](#) has been published to provide donors with knowledge and resources to assist SAIs in the quest for independence. Several development partners also have bilateral engagements to support SAI capacity building in various countries.

IDI: [The INTOSAI Development Initiative \(IDI\)](#) is a not-for profit, autonomous implementing body, mandated to support Supreme Audit Institutions (SAIs) in developing countries to sustainably enhance their performance and capacity.

Support to SAI Independence is a high priority for IDI, as one of four key work streams. The work is organized around:

- **Global advocacy and support for independent SAIs**
- **Targeted SAI-level support for independence**
- **Partnerships and stakeholder engagement in support of SAI independence**

IDI can provide long-term capacity building, including legal support, as well as rapid advocacy support in the case of emerging threats to SAI independence that may benefit from external advocacy support.

SIRAM: The [SAI Independence Rapid Advocacy Mechanism](#), or **SIRAM**, is a process for addressing threats to SAI independence. It provides a tool for SAIs, INTOSAI and donors to provide timely advocacy response to new political, constitutional, or institutional developments which may negatively affect the independence of a SAI. Such threats may manifest themselves through amendments to a country's constitution, changes to the budget or audit law, attempts to remove the Head(s) of the SAI, delays in the appointment process of the Head of SAI or even proposed downgrading of the SAI itself.

The **SIRAM** is triggered when the IDI Independent SAIs team receives a reported threat to or infringement of SAI independence. These reports can be submitted via the IDI or SIRC websites or can be sent directly to the team at independent-sai@idi.no. All submissions are treated as confidential unless otherwise indicated.

SIRAM is divided into four stages:

- **Inform:** initial information gathering is performed to determine if the threat is genuine.
- **Assess:** in-depth assessment of the case, liaison with stakeholders
- **Respond:** this can include in-country advocacy support, statements, high-level visits development of model legislation. Often more than one response is used.
- **Follow-up:** continuous monitoring of the situation and consideration of additional steps to ensure mitigation of de-jure and de-facto challenges to SAI independence

