



Theme Paper

Theme I:

Sustainable Development Goals

How can INTOSAI contribute to the 2030 Agenda for Sustainable Development, including good governance and strengthening the fight against corruption?

Theme Chair

SAI Kingdom of Saudi Arabia

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Introduction

The adoption of the 2030 Agenda for Sustainable Development by the United Nations (UN) presents both **opportunities and challenges** for INTOSAI. The new agenda with its unprecedented scale, universality and ambition marks a fundamental shift from the Millennium Development Goals (MDGs) which ran until 2015.

While the Sustainable Development Goals (SDGs) are not legally binding, governments are expected to take ownership and establish national frameworks for the achievement of the 17 Goals. Governments also have the primary responsibility for follow-up and review of the progress made in implementing the SDGs.

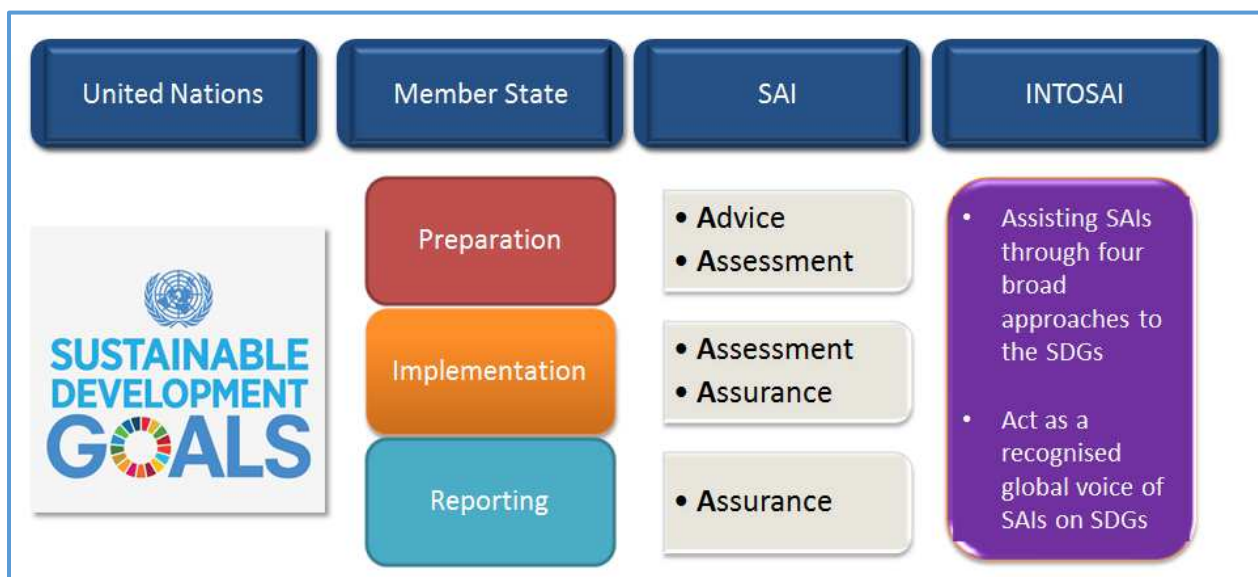
Recent UN General Assembly resolutions (A/66/209 and A/69/228) have emphasised the contribution that supreme audit institutions (SAIs) and INTOSAI can make to the SDGs.

We believe that the INTOSAI community has the **potential to contribute much more**. INTOSAI has an important supporting and leveraging role to play in national, regional, and global efforts to implement the SDGs, and in the follow-up and review of their progress.

The broad scope of the SDGs means that many of the issues they address already **fall within the scope of SAIs' work** in financial, compliance and performance audits. SAIs can, therefore, play an effective role in supporting their country's preparation for the SDGs, their implementation and reporting on progress.

The next **INTOSAI Strategic Plan** for the 2017-2022 period has placed the SDGs as a crosscutting priority and identified four broad Approaches to contribute to the implementation of the SDGs.

Figure 1: Potential role-players involved with supporting the achievement of SDGs



Theme I of the XXII-INCOSAI provides a unique and timely opportunity to start considering and preparing INTOSAI's response to the 2030 Agenda for Sustainable Development. This paper supports the theme and addresses **how the INTOSAI community can contribute** to the implementation of the SDGs. It reflects two years of extensive discussions within the INTOSAI community at global, regional and national levels, as well as with external parties such as the UN, World Bank and *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ). For example, INTOSAI has engaged with the UN in various fora to discuss how we can help them in their efforts. In July 2016, INTOSAI held a side-event at the **UN High Level Political Forum (HLPF)** on how our organisation can contribute to the global follow-up and review of the 2030 Agenda for Sustainable Development.

At the XXII-INCOSAI we will elaborate on INTOSAI's contribution to the SDGs. We will discuss how we can guide and focus INTOSAI's work on the SDGs over the next 15 years, based around **four different Approaches to the SDGs**. During our discussions on theme I at the Congress, we should aim for a clear agreement on, and understanding of, these Approaches as well as how we want to implement them.

It is important to note that any ambition by SAIs, regions and INTOSAI in relation to SDGs will be voluntary and must take into consideration capacity constraints and also respect individual SAI country responsibilities. However, there are already a significant number of activities and practices that relate to the SDGs and this provides the basis for further opportunities. This paper clarifies how INTOSAI, through the four Approaches, can become an important role player in the successful implementation of the SDGs.

In order to develop, coordinate and monitor INTOSAI's contribution to the SDGs, it would be valuable to **create an informal expert group** under the leadership of the INTOSAI chair, consisting of internal and external experts that have responsibility to:

- develop the frameworks related to each of the four Approaches;
- identify a mechanism to monitor progress and collect information in relation to SDGs from individual SAIs and regions;
- maximize interactivity and relevance of the next INTOSAI/UN symposium on this theme;
- optimize the generation and dissemination of information in the form of knowledge sharing within the INTOSAI community, e.g. regular briefings, Knowledge Sharing Committee/ INTOSAI Development Initiative (KSC/IDI) portal, the INTOSAI Journal;
- explore and develop the opportunities for external review publication(s) - based on voluntary inputs from INTOSAI members, regions and working bodies as a medium for communicating to stakeholders useful cross-cutting observations, trends and recommendations; and
- consider and prepare a presentation at the 2019 HLPF on the SDG 16.

The status of the informal expert group should be reviewed at the XXIII-INCOSAI, at which time the role and responsibilities of INTOSAI towards the SDGs will be clearer.

The XXII-INCOSAI is a pivotal point for our community. The important discussions we will hold at the Congress should lead to further development and collaboration, and may ultimately lead INTOSAI to providing a global public voice on this fundamental worldwide issue.

This way we can concretize the ambitions set out in the Beijing Declaration:

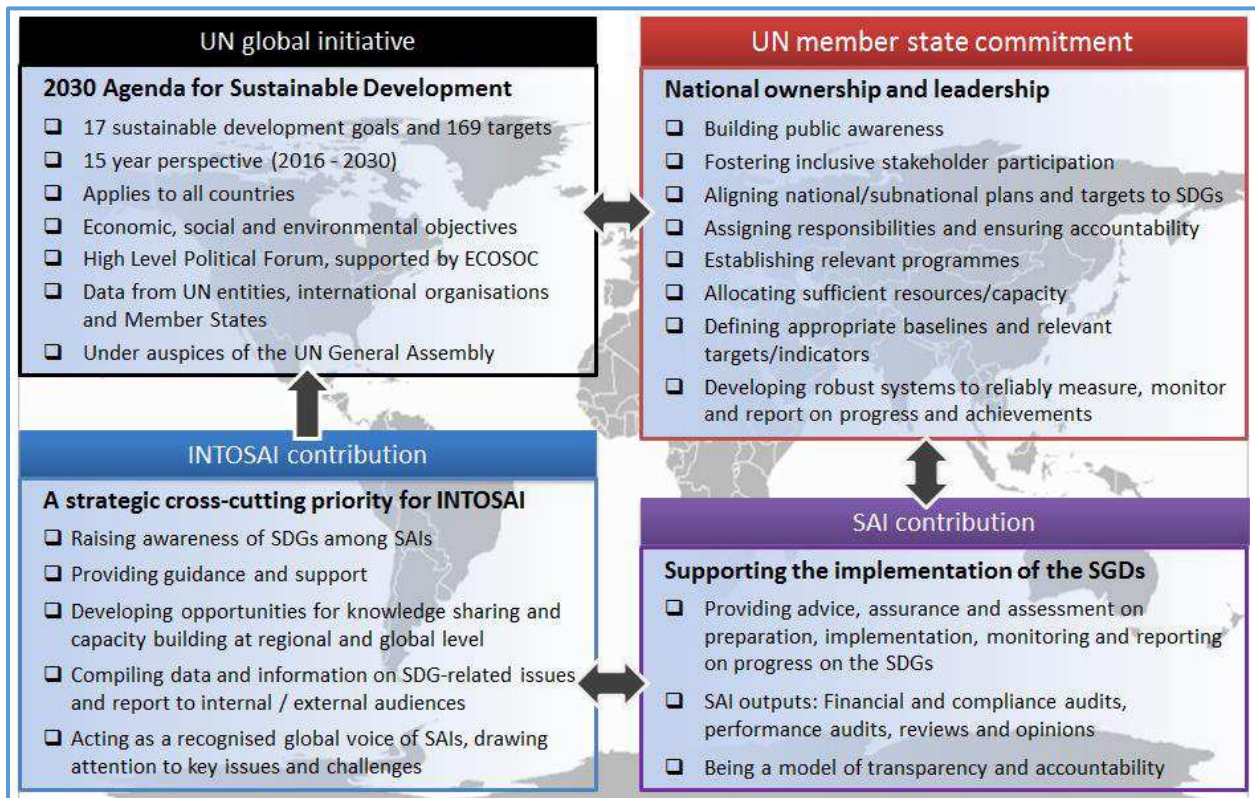
“(…) a guiding principle for INTOSAI’s philosophy was that it should be future orientated and outward looking. The Organization has the opportunity to contribute to global and regional agendas based on its expertise and experience in good governance and public sector auditing.”

(Beijing Declaration, 2013 p. 12)

This paper starts by providing the background and the context of the SDGs and the role that SAIs play within this context. It then introduces the four different Approaches - as elaborated in the Strategic Plan - which the INTOSAI community can choose to adopt and apply.

The following diagram provides a holistic view of the potential SAI contribution to the SDGs and its links to the UN global initiative and the XXII-INCOSAI.

Figure 2: Harnessing the potential for INTOSAI and its Member SAIs to contribute to the implementation of the SDGs



Background

In this section we will explain the background and the content of the SDGs and elaborate on how SAIs, regions and INTOSAI can be involved in the contribution to the implementation, follow-up and review of the SDGs.

The 2030 Agenda for Sustainable Development

In September 2015, 193 UN member states jointly committed to the 2030 Agenda for Sustainable Development. The 17 Sustainable Development Goals (SDGs) and 169 associated targets - which form the core of the new global agenda - mark a **fundamental shift** from the MDGs¹. The SDGs move from goals applied largely to low income countries to universal and more wide-ranging ones that emphasize well-being, prosperity and sustainability in **all countries**, regardless of their level of development.

In the SDG's there is a strong emphasis on 'inclusiveness'. They cover basic development rights for all, such as good health, quality education, clean water, sanitation and resilient infrastructure. The SDGs are also connected to a long term strategy to change energy and consumer patterns to address growing environmental challenges, especially climate change and its impacts.

Figure 3 below has become the poster for expressing the coverage of the SDGs throughout the world.

Figure 3: The 17 Sustainable Development Goals²



The vision of the new agenda is of unprecedented scale, universality and ambition, incorporating economic, social and environmental aspects as well as institutional and governance elements. The wide

¹ The MDGs ran from 2000 to 2015 and were a result of the adoption of the UN Millennium Declaration in September 2000. They consisted of 8 overall goals and 21 targets.

² Source: <https://sustainabledevelopment.un.org/sdgs>

reach of the topics, and the fact that most of the **SDGs are interdependent**, requires a strategy that will involve all levels of government as well as private sector, civil society and other national and international bodies.

The UN Member State declaration on the SDGs: *Transforming Our World: The 2030 Agenda for Sustainable Development* notes that the means of implementation of the SDGs lies within the **responsibility of national governments** as elaborated below:

“Cohesive nationally owned sustainable development strategies, supported by integrated national financing frameworks, will be at the heart of our efforts. (...)” (Paragraph 63)

In order to achieve the SDGs, governments require strengthening of the integrity and collection of data, following through to the monitoring and review processes to inform policy-making and enhance accountability.

The broad scope of the 2030 Agenda, and the fact that the responsibility lies within national governments, gives the possibility for SAIs to play a key role in supporting the implementation, follow-up and review of the SDGs. Many aspects of the SDGs are not new to SAIs, and SAIs are already - to some extent - contributing to the achievement of the SDGs. For example, many SAIs, within the context of their individual mandates and available resources, have been supporting the improvement of public sector service delivery; as well as public financial management systems. This is discussed in more detail in the section below on SAIs’ potential contribution to the 2030 Agenda for Sustainable Development.

The **SDGs also provide an opportunity for the INTOSAI community to play a role**, especially within the follow-up and review processes of the SDGs. In addition, SAIs can enhance government effectiveness and efficiency through SDG-related audits.

Growing expectations on INTOSAI

There is a growing global recognition—and more importantly, expectation—of the central role of INTOSAI and its member SAIs in promoting good governance and accountability. The recognition of INTOSAI’s roles was prominently shown in the UN General Assembly Resolution of December 2011, “Promoting the efficiency, accountability, effectiveness and transparency of public administration by strengthening supreme audit institutions” (A/66/209).

Building on that recognition, the UN, in various fora and through the active engagement of INTOSAI, has underscored the **indispensable role of independent and capable SAIs** in the efficient, effective, transparent, and accountable implementation of the 2030 Agenda for Sustainable Development. This recognition was underscored by the UN in the General Assembly’s resolution of 19 December 2014 “Promoting and fostering the efficiency, accountability, effectiveness and transparency of public administration by strengthening supreme audit institutions” (A/69/228).

SAIs' potential contribution to the SDGs

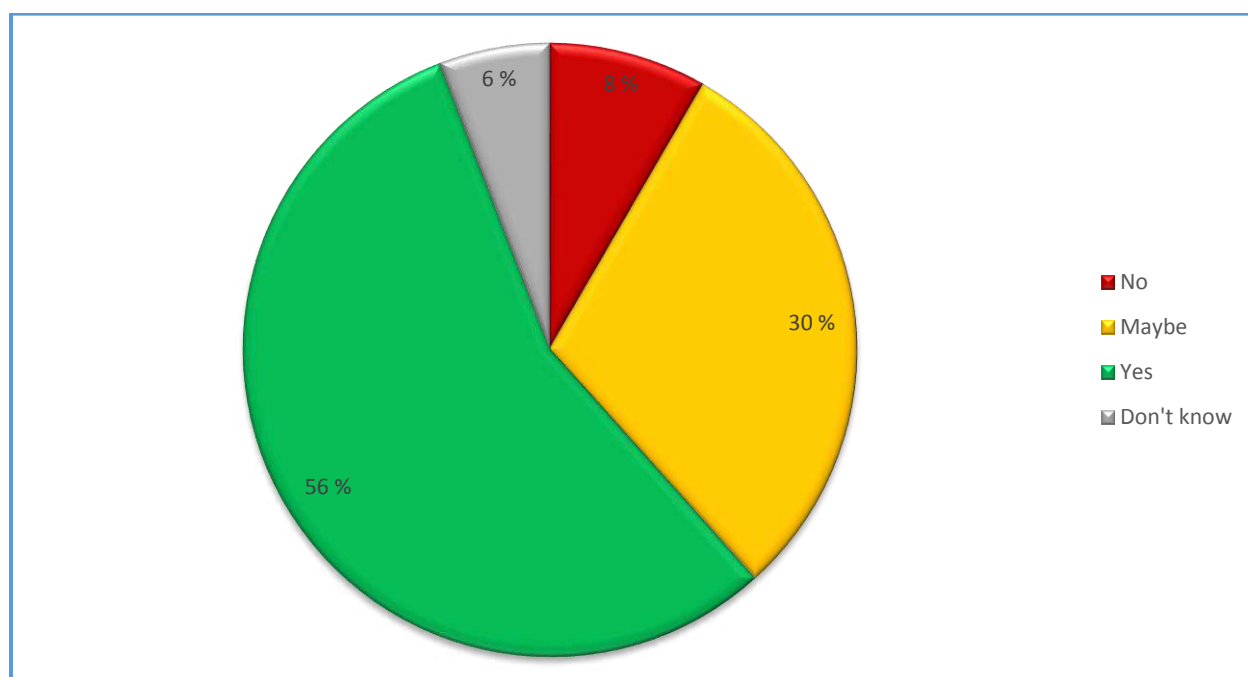
Due to SAIs' position in their respective national systems (with their mandates covering, to varying degrees, most areas of government expenditure), and their active cooperation in global and regional organisations, they can work positively towards the **implementation, follow-up and review of the SDGs**.

When SAIs are fulfilling their mandates, they are to some extent contributing to the SDGs. For example, a SAI advocating for transparency, efficient institutions and good financial governance³ would be contributing to SDG 16, which focuses on strong public institutions. Or, when a SAI conducts a performance audit in the area of health, this could be linked to the achievement of SDG 3, which focuses on good health and well-being.

From the survey distributed to SAIs, it is clear from the responses that the **topics covered by the SDGs are not new to most SAIs**. Question 3 from the survey emphasises this point.

Question 3:

Is your SAI intending to include themes related to the preparation for and/or implementation of the SDGs in your country for its next audit strategy and/or work programme?



A majority of SAIs are already intending to include themes related to the SDGs in their next audit strategy or work programme. From the comments we can see two common trends. First, many of the themes of the SDGs, e.g. health, education and climate, are topics that SAIs are already looking into and, therefore, will also be covered by future audits. Second, if SAIs audit government programmes and those

³ Good financial governance is defined as transparent, legitimate and development oriented state action in the area of public finance on both the revenue and the expenditure side. For more information see: https://www.bmz.de/en/publications/type_of_publication/strategies/Strategiepapier342_04_2014.pdf

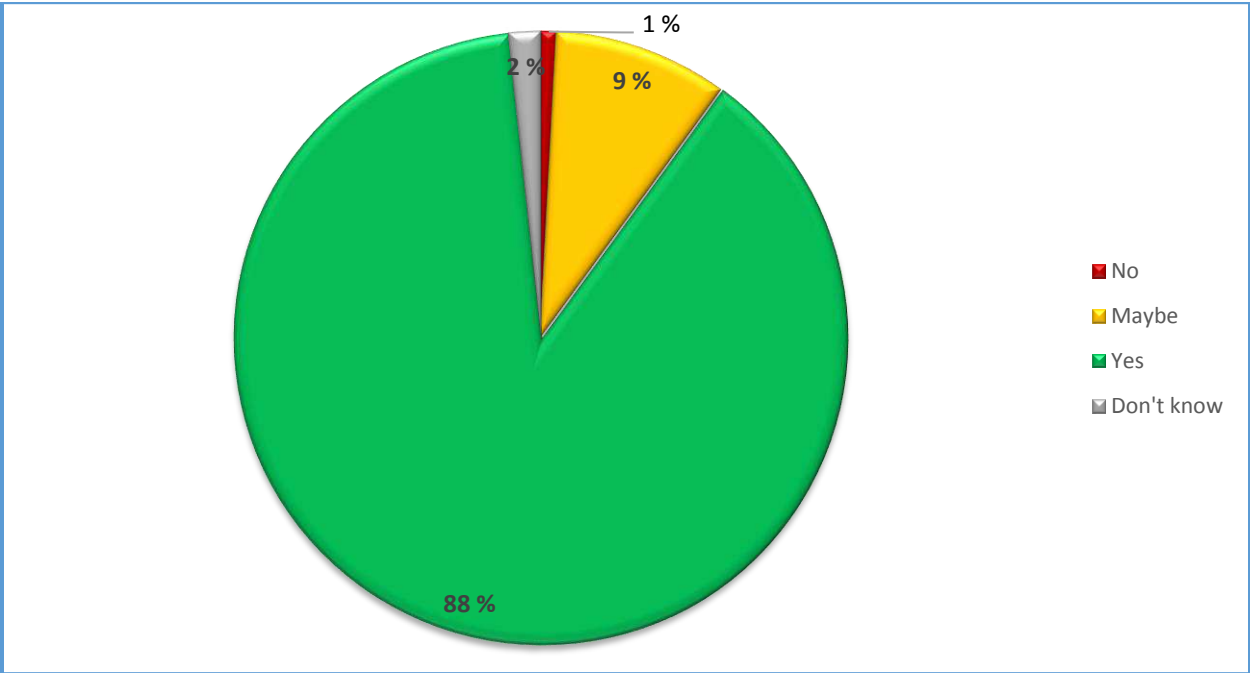
programmes also cover the implementation of the SDGs, then SAIs will automatically be including these aspects in their audit scope. Besides these two trends, many SAIs stated that addressing the SDG topics is already a part of their strategic plans and/or audit programmes and that they are working on how to best cover the SDGs in their audits.

Among the 30% of SAIs that responded under the category of “maybe”, there was generally a positive Approach to the idea of including SDGs in future audits. As SDGs are a rather new concept, SAIs indicated a need to wait for their governments plans, prior to determining the audit strategy.

In general we can see from the survey results that there is an appetite within our community to actively contribute to the SDGs. It also becomes clear as shown in question 5 below, that our community believes that INTOSAI can add value and contribute to this process.

Question 5:

Do you think INTOSAI can provide added value to INTOSAI members and to the international community by collecting and communicating the experience and cross-cutting observations, trends and recommendations of SAIs in auditing national SDG policies and objectives?



An overwhelming majority of SAIs believe that INTOSAI can add value to its members and to the international community by sharing information, experiences and cross-cutting observations related to the SDGs.

From the regional papers it also becomes clear that there is a positive attitude towards contributing to the SDGs from a regional perspective. Overall, the regions agree with the four Approaches to the SDGs that were presented in the theme information paper and integrated in the next strategic plan of INTOSAI. They also confirmed that they find these developments very relevant and that they would be interested

in contributing to the 2030 Agenda for Sustainable Development and making it a main focus for their region in the future. Some regions also expressed their intentions to align their own strategic plans with the new INTOSAI strategy so that there is an adequate alignment between the priorities and goals.

We can conclude that there is an appetite to get involved with the SDGs at both the SAI and Regional level and that there is an acknowledgment that INTOSAI has an important role to play at the local and regional level as well as the global level.

Four Approaches to the SDGs

The SDGs are wide ranging and cover most elements of public policy and the delivery of public services, from e.g. health care, through to education and the protection of the environment as well as institutional and governance aspects. They involve different stakeholders and are far-reaching. Countries around the world are also at different stages of aligning their national development plans and systems with the new goals. This will continue to evolve as the SDG cycle advances over its fifteen year timeframe.

Initially SAIs can focus on the preparedness of member states for implementing the SDGs and subsequently on the appropriateness of the monitoring and evaluation systems in place for tracking and reporting on SDGs and outcomes.

By conducting financial, compliance and performance audits, SAIs will also be able to independently assess different aspects of public sector financial management as well as conduct thematic assessment of key service delivery and policy outcomes related to the SDGs.

SAI work can also contribute effectively to building transparent, efficient and accountable institutions (SDG 16). In this regard SAIs must also lead by example and be models of transparency and accountability in their own operations and activities.

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.

We have tested these four Approaches, through a survey, regional papers and in our dialogue with external stakeholders. **There is considerable support for the four Approaches as well as a general understanding of their content. However, there is a need to operationalise the Approaches and clarify the role that the national, regional and global levels will play in regard to them.**

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

Moderator: European Court of Auditors

Rapporteur: Netherlands

Approach I is about reviewing the preparedness of our governments in order to implement the SDGs, and to assess the systems our 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 mechanisms⁴.

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 sectoral 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).

⁴ 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 Development⁵

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) subsequently monitoring and evaluating whether the systems established and used by governments for tracking and reporting progress against the SDGs are fit for purpose; and
- c) 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.

⁵ Source: <https://sustainabledevelopment.un.org/hlpf> and <http://unstats.un.org/unsd/statcom/>

The above steps are highly dependent on how far governments have progressed in 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.

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.

Reporting against the INTOSAI SDG preparedness model

The use of the above model, along with the KSC/IDI guidelines⁶ 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.

⁶ KSC/IDI are involving 40 SAIs in a program on the preparedness of governments to implement the SDG's.

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 review 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 review.

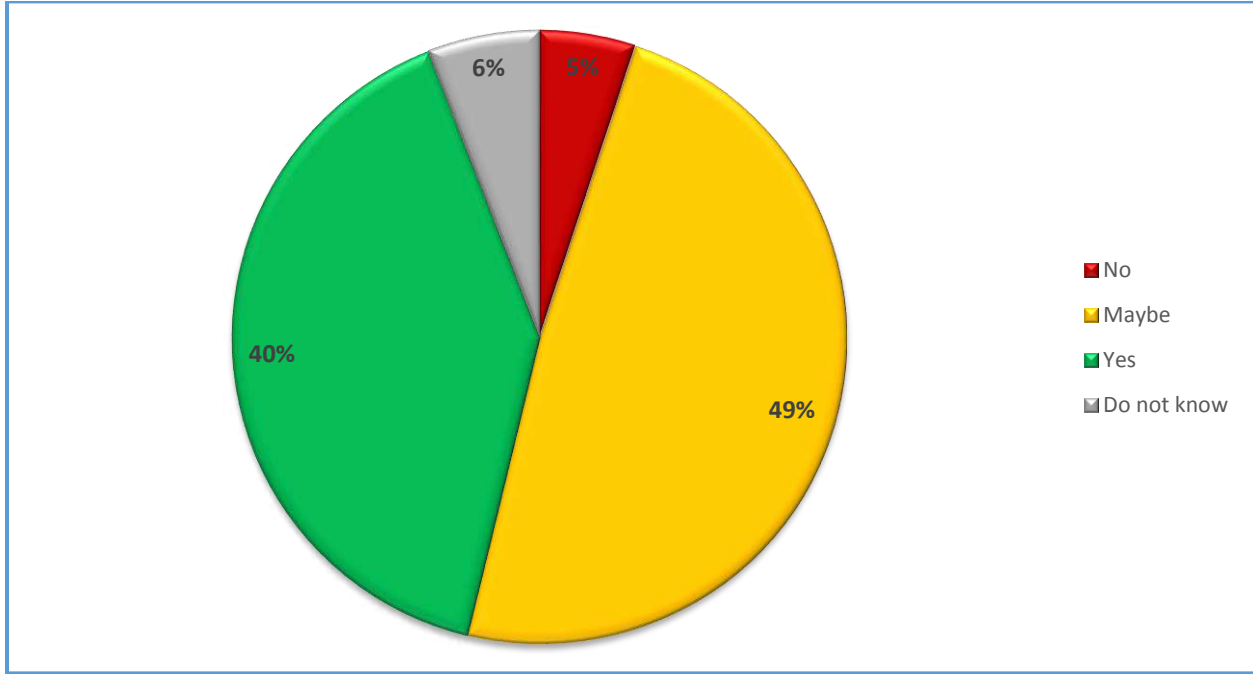
[Regions and SAIs view on Approach I](#)

From the regional papers we can see that there is an interest from the regions to work closely with INTOSAI and network with external stakeholders on Approach I. Most regions are willing to collate information on countries' baselines for the follow-up on SDGs and are also ready to produce regional reports in this regard. The regional papers show that the regions are willing to provide regional education and training activities in order to build SAIs' capacities to review and potentially audit on their country's readiness for the implementation, monitoring and follow-up on the SDGs.

From the survey it is clear that there is a positive attitude towards contributing to Approach I from the SAIs in our community. This is for example illustrated in question 9 below.

Question 9:

Would your SAI consider contributing in the future (on a voluntary basis) to a periodic INTOSAI publication highlighting useful cross-cutting observations, trends and recommendations on the implementation, monitoring and evaluation of the SDGs?



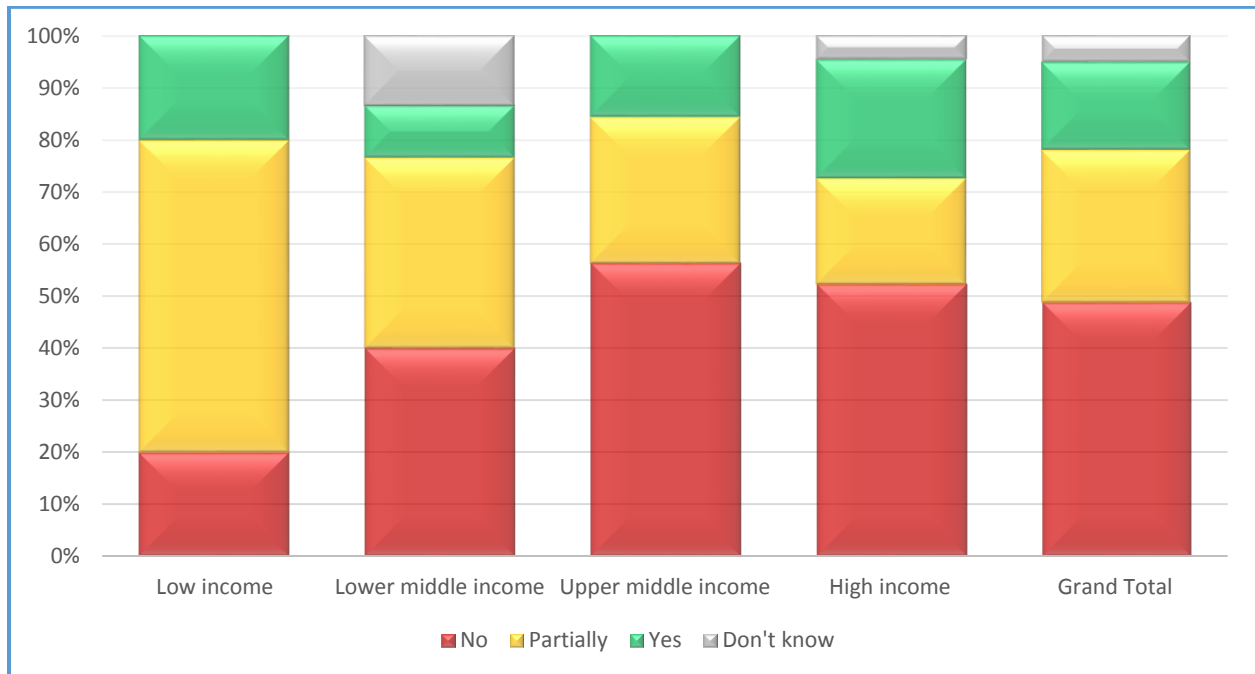
40% of the respondents have replied that they are interested to contribute to a periodic INTOSAI publication on the monitoring and evaluation of the SDGs. Around half of the SAIs have replied “Maybe”. From the comments we can see that there is a positive attitude towards the report but that the SAIs would like to know more about the format of the report and/or how the SDGs are going to be a part of their work before contributing to the publication.

From question 8 we can see that around half the SAIs that responded to the survey have already to some extent been involved in the review and/or audit of systems and information used by the government in their country for reporting progress on the MDGs or other sustainable development issues.

Question 8:

Has your SAI, over the past five years, been involved in the review and/or audit of systems and information used by the government in your country for reporting progress on the UN’s Millennium Development Goals and/or other sustainable development issues?

Income group⁷:



The graph shows that half of the SAIs that have not been involved with review or audits of MDGs are generally SAIs from high or upper middle income countries, and therefore not directly affected by the MDGs.

Of the SAIs involved with review or audits of MDGs, a typical example of the type of intervention is provided below by the SAI of Malaysia and Indonesia respectively:

“SAI Malaysia has been involved in auditing the programs, activities and projects as well systems and information pertaining to the Millennium Development Goals (MDGs). However, the SAI is not reporting specifically of the progress of each of the eight MDGs.”

“BPK has focused its audit on various government programs related to MDGs but has not yet to conduct audit specifically on the UN’s MDGs progress reporting system.”

⁷ The classification of a countries income group are taken from the World Bank list of economies (July 2015). The World Bank categorize countries within four income groups: Low income, Lower middle income, Upper middle income and High income.

Approach II:

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

Moderator: Brazil

Rapporteur: Estonia

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 inevitably touch 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.

As noted above, SAIs often conduct audits on topics related to sustainability e.g. education, healthcare and infrastructure. 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.

The INTOSAI community can further contribute to the SDG process by analysing, in a systematic way, the results of performance audits on SDG-related issues. In order to do so 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, 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. Furthermore, it can be used as **a basis for reporting to the UN on challenges, progress etc. on selected SDGs**. The 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 fulfilment of the identified targets

Examples of the defined risk factors:

Unclear/overlapping responsibilities for SDGs

Lack of clarity regarding the specific role each of the entities plays in the implementation of the SDGs, and what they are responsible for, resulting in overlapping responsibilities across agencies and departments. These overlaps may compromise the effectiveness of policy coordination on the SDGs and duplicate efforts.

Absent or deficient policies or strategies

SDG 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.

Reporting Against the Performance Audit Finding Framework

The framework is currently being refined through a large scale pilot to test the framework against concluded performance audits related to either SDG 3 “Good health and well-being” and/or SDG 4 “Quality education”. Based on this pilot, the SAI of Brazil in cooperation with the SAI of Estonia and the SAI of UAE will produce a ‘proof of concept’ report that will be presented at the XXII-INCOSAI in order to demonstrate the use of the results framework for the SDGs and its potential for communicating and reporting audit findings to our stakeholders. The pilot will also result in an update of the Performance Audit Findings Framework, which might lead to an edit and/or reduction of the defined risk factors.

The outcome of the Congress and the discussions on Approach II should result in a finalised Performance Audit Findings Framework and 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).

Regions and SAIs view on Approach II

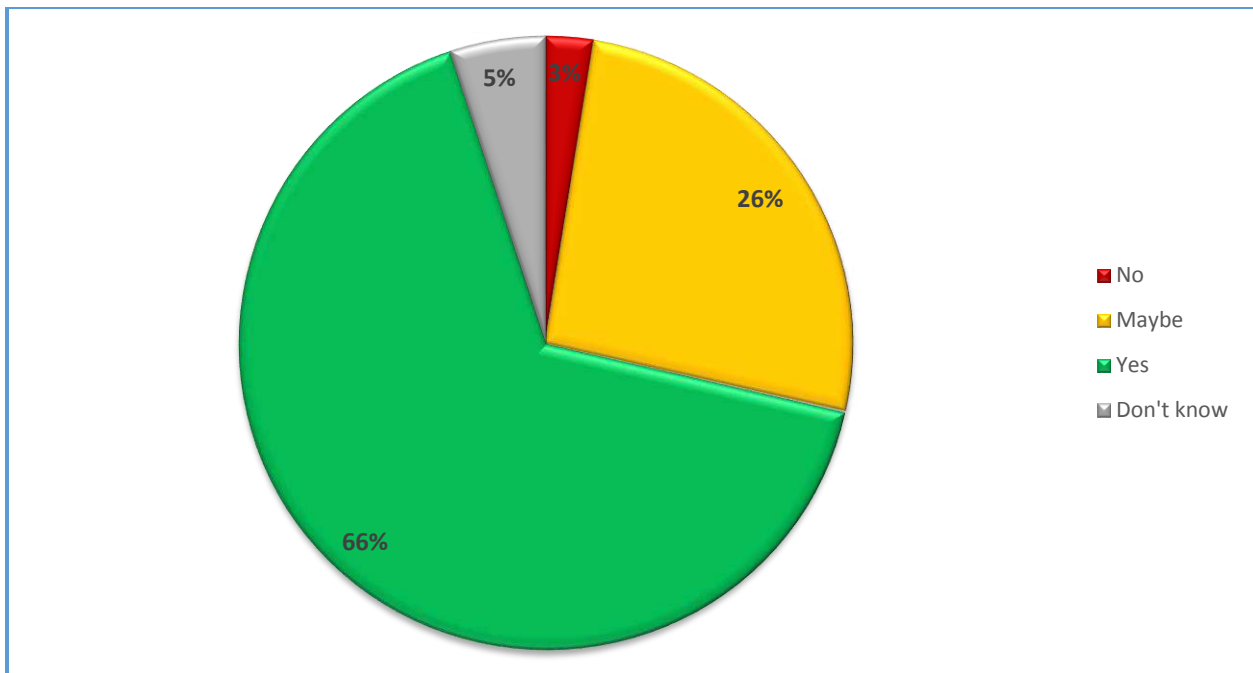
From the regional papers we can see that most of the regions already have experience with joint, coordinated or parallel performance audits in their region. Extending this practice to audits focusing on the SDGs would be a continuation of this regional collaboration. Most regions are interested in coordinating performance audits on the SDGs and are willing to produce periodic reports based on aggregated results of the audit findings framework.

A large majority of the SAIs also showed interest in conducting audits related to the SDGs, participating in collaborative audits in relation to SDGs, using the audit findings framework, and reporting on the results to the regional and/or global level. This can be seen from the responses received on question 10, where a large proportion of SAIs responded that they would use the audit findings framework to analyse the results of performance audits on SDG-related topics.

However, it was also pointed out that there is a need for more information on how the framework would work and who would be responsible for the aggregation of findings at regional and global level.

Question 10:

Would your SAI be interested in using a results framework as a tool for analysing the results of your performance audits on SDG-related topics?



Approach III:

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

Moderator: SAI of the United Arab Emirates

Rapporteur: *Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)*

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 4: Good Financial Governance: dimensions and areas of action⁸



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 Bank⁹. They review, assess, and report on a country's PFM system

⁸ Source: BMZ Strategy Paper 4/2014 (https://www.bmz.de/en/publications/type_of_publication/strategies/Strategiepapier342_04_2014.pdf)

⁹ World Bank (WB) Public Expenditure Review (PER)

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.

Textbox 5: PEFA summary¹⁰

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**

¹⁰ Source: <https://pefa.org/content/pefa-framework>

their countries PFM system and processes. The framework should allow SAIs to assess the functionality 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.

SAIs 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.

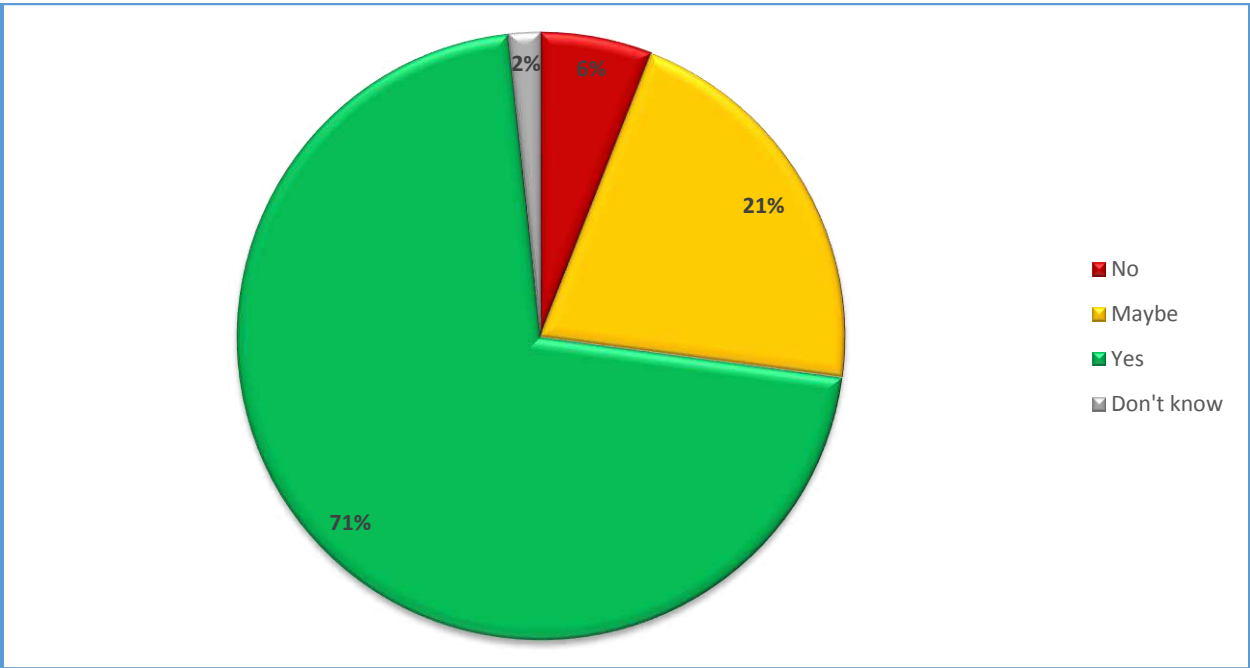
[Regions and SAIs view on Approach III](#)

The Regions have indicated in their papers that they are interested in Approach III and willing to contribute. All regions are involved with advocating improvements to PFM, while many regions are interested in producing periodic regional reports on the PFM. Most regions are willing to provide training initiatives to build SAI capacity in this regard.

Similarly, most SAIs demonstrated an interest in assessing the maturity of PFM systems in their countries, in monitoring the progress of their countries in developing PFM systems, and in sharing these results with the INTOSAI community (e.g. see response to question 15).

Question 15:

Would your SAI be interested to monitor the progress of your country in developing its public financial management system?



Based on their comments, it is clear that many SAIs consider this to be a fundamental role that they are already playing and will continue to do so in the future.

Approach IV:

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

Moderator: IDI

Rapporteur: AFROSA-E

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.

[Regions and SAIs view on Approach IV](#)

Based on the feedback received through the regional papers, we can see that there is support for a global SAI performance measurement framework. Four of the seven regions showed interest in carrying out a regional assessment and would also produce regional reports on SAI performance.

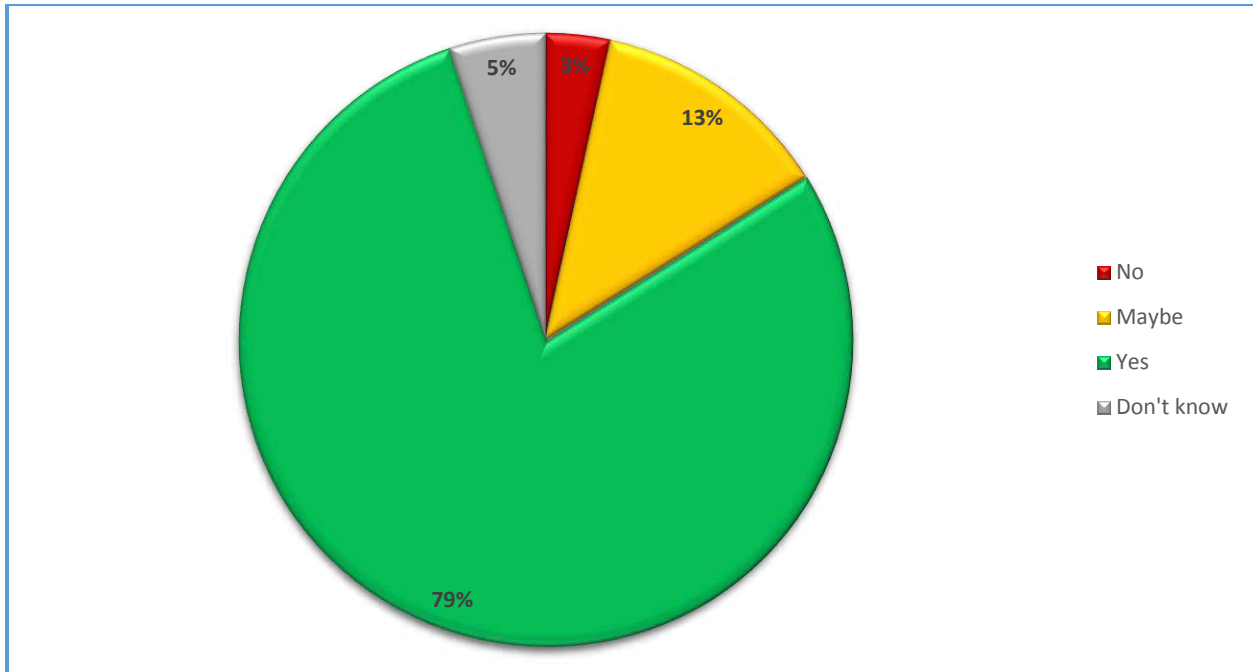
In their overall comments, the regions mentioned the need to identify what should be reported on and how this would be linked to other SAI performance measurement tools. They would also like to have more information on who should report and to whom the report would go.

Similar feedback was also received from the SAI survey (see response to question 20 below). Generally, there is a high level of support for the idea of having a global SAI performance evaluation framework. Many SAIs have also indicated that they already have experience with similar evaluations such as the SAI PMF, self-assessments, etc.

However, many SAIs also emphasised the need to first assess whether the SAI PMF is the right tool for the proposed performance evaluation framework, or whether the required information could be obtained from already available information.

Question 20:

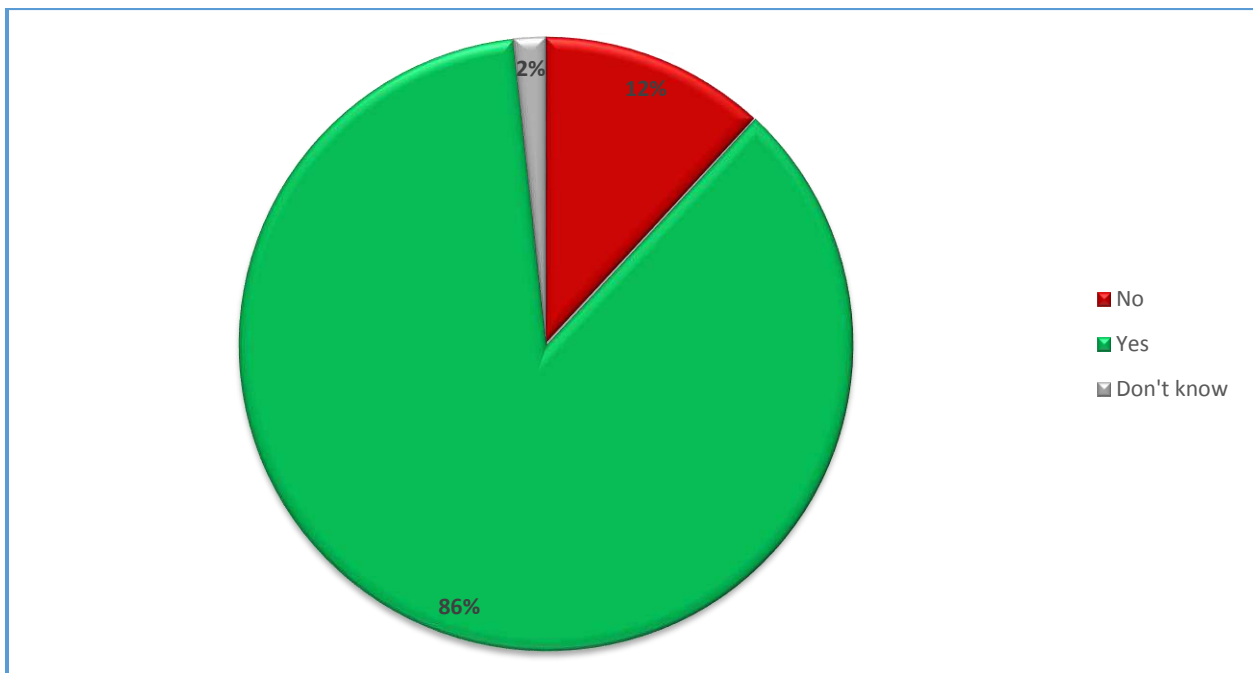
Does your SAI support the idea of having a global SAI performance evaluation framework?



Based on the survey responses, it is evident that considerable information is already available and can be aggregated and used to report on SAI performance to a wider audience.

Question 22:

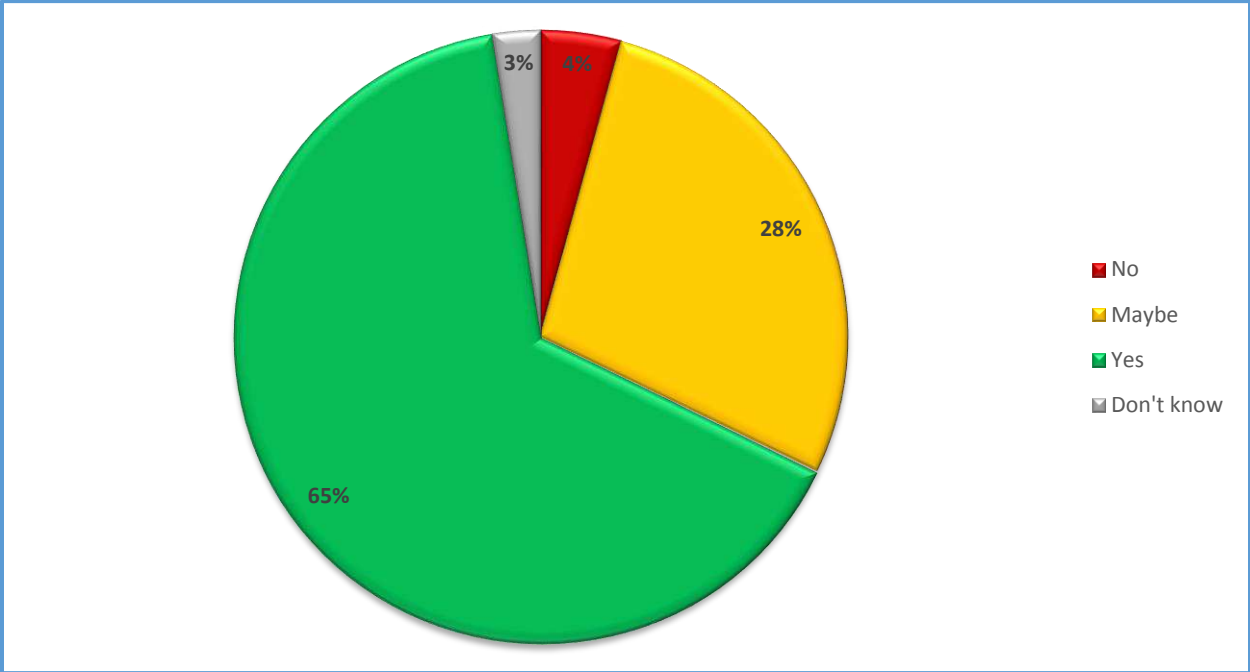
Does your SAI produce and publish an annual activity report on its work and operations?



The responses for question 22 indicates that most SAIs already produce and publish an annual activity report. These are generally official documents that are presented to the national assembly or the legislator and are often published on a SAI’s website. Most of the information that would go into the global report on SAI performance is most likely already available in these annual activity reports. If that is the case, the information could be collected in a systematic manner from these sources and reported in an aggregate manner at both regional and global level.

Question 23:

Would your SAI be willing to provide information on your organisation and its performance to compile an anonymized and aggregated report on SAI performance (e.g. average duration of audits, proportion of qualified to non-qualified audit staff etc.)?



In addition, we also noted an overall willingness from SAIs to share information on their organisations’ performance with the rest of the INTOSAI community. Here SAIs also indicated that such exchanges are already taking place within the INTOSAI community at regional and sub-regional level.

Method

Theme I paper has been created in cooperation between the chair and vice-chair of the theme, the moderators and rapporteurs, other interested SAIs, working groups and external stakeholders, such as the UN, the World Bank, OECD and the GIZ.

In order to inform discussions on how to Approach the SDGs and to define how INTOSAI could Approach this challenge, a think tank on the SDGs was created. This loose network of experts from different SAIs have been working informally since the 67th Governing Board on this theme. Several members from the think tank has been directly involved in the preparation of this theme paper for the Congress in their capacity as moderators or rapporteurs for the four Approaches to the SDGs.

In order to get the national, regional and global perspective on the Theme, the following activities were carried out in 2015 and 2016.

Global:

The 23rd UN/INTOSAI Symposium on *UN Post-2015 Development Agenda: The Role of SAIs and Means of Implementation for Sustainable Development*, was held in Vienna, Austria in March 2015.

Prior to the 67th Governing Board meeting in Abu Dhabi, a meeting was held to discuss the themes and get the INTOSAI perspective on how to Approach the SDGs. At this meeting the four Approaches, among others, were discussed, along with how to get feedback from regions and SAIs on the themes.

The global level has also been involved with the theme through the formulation of the next INTOSAI Strategic Plan for the period 2017 to 2022 that has the SDGs as a crosscutting priority and introduces the four Approaches to the SDGs.

Regional:

Instead of preparing for the themes by asking for country papers, we encouraged theme discussions through regional papers and a survey addressed to all SAIs.

The regional papers helped to provide the regions' perspective on the themes. Each INTOSAI region was asked to determine the best way to reflect the views of their member SAIs in the regional paper, and to share their overall perspectives on the role of the region with regard to both themes.

A theme information paper was distributed to the seven regions in January 2016, along with guidelines on how to reply on each theme. The regions were asked to comment on the four Approaches and provide overall feedback on each theme. In July 2016 we received the regional papers.

SAIs:

The SAI perspective on the theme was collected through a survey in all five INTOSAI languages containing questions about the two themes. Individual links to the online survey was sent to each SAI in February 2016. To ensure the response rate was at an acceptable level, two reminders were sent after the end of first and second deadline. After the second deadline, we worked with the regions to reach out to those SAIs that had not yet responded.

By the end of August 2016 we had received 120 responses from SAIs within the INTOSAI community.

[Related Documents:](#)

This Theme Paper has been created from various other documents. These supporting documents will be available in the document library available during the Congress.