

Generic Models for Supreme Audit Institutions

Introduction

In the last few decades there has been a considerable increase in the size and the complexity of government. In addition, taxpayers have increasingly raised questions concerning the operations of government at all levels. Today, all over the world there is a greater emphasis on accountability.

The Lima Declaration

At the 1977, IXth Congress of the International Organization of Supreme Audit Institutions (INTOSAI), meeting in Lima, a resolution was passed which states, among others:

“[...] the orderly and efficient use of public funds constitutes one of the essential prerequisites for the proper handling of public finances and the effectiveness of the decisions of the responsible authorities”.

The Declaration also states:

“[...] whereas the specific objectives of auditing, namely, the proper and effective use of public funds; the development of sound financial management; the proper execution of administrative activities; and the communication of information to public authorities and the general public through the publication of objective reports, are necessary for the stability and the development of states in keeping with the goals of the United Nations;”.

The methodology, scope, role and functions, however, for achieving this main objective of government auditing have varied. This is natural and is necessary due to different social, political and economic climates in the various countries. The positioning of SAI's in constitutional states alone shows large variations. The diversity is a virtue as it helps in learning, comprehending and analyzing various means which can be explored to achieve a common goal.

Some of the SAI's are attached to legislative bodies and some to judicial authorities. Interestingly, some are also functioning as public authorities and strictly do not fall under the three pillars of any constitutional state, namely: the legislative, judiciary and executive branch. Not only are the letters of By Laws of various SAI's different but also the persons, duties, and responsibilities vary like the different shades of the spectrum. In some cases the designation of the top functionary varies: Comptroller and Auditor

General (Bangladesh, India, Pakistan, Nigeria, UK, Zimbabwe), Auditor General (Bhutan, Botswana, Malawi, Malaysia, Nepal, etc.), Board of Audit and Inspection (Korea), Comptroller (Israel), Board of Audit (Japan).

The tenure of office also varies from country to country and so does the authority who appoints the Head of the SAI. In countries where the political structure is federal in nature, each state/province has its own functionary. Variety is large and everywhere.

Recent Developments

The Office of the Comptroller and Auditor General of India has prepared an electronic compilation of the mandates and statutes of 140 member SAIs of the International Organization of Supreme Audit Institutions (INTOSAI). This compilation has been made available in the form of a CDROM which can be accessed in two ways:

- Country-wise listing of the mandate of the SAI
- A set of 22 attributes that have been identified and which covers various facets of the SAI's statutes such as independence, audit jurisdiction and its powers, etc.

Following the presentation of the CDROM of the compilation at the 1998 XVI International Congress of Supreme Audit Institutions (INCOSAI), some SAIs suggested that the contents of the CDROM be made available in hard copy with an attribute-wise and country-wise index. The Office of the Comptroller and Auditor General of India has developed the hard copy version in the form of two books.

SAI Models

As the diversity in the compendium data demonstrates, there is no “one-size-fits-all” way to describe SAIs. There are, however, similarities and “best practices”. Identifying significant characteristics and creating several generic models to be used as the basis for capacity building projects would enable SAIs to introduce changes more efficiently and effectively. Support to this initiative will facilitate capacity building efforts of national audit offices in developing and transition countries by providing a one-stop resource for model laws and infrastructure.

These models would be an important resource for accountability and transparency that will be shared, discussed, made available and fine-tuned via a Web site and electronic discussions. It can be used as building blocks for capacity building in countries where no SAI exists or where there is an ineffective SAI in operation.

These models may also be applied in countries where the SAIs run outdated operations. Drawing from the existing data, the models created through this project, with

modifications based on local conditions, could be used by international donor community, advisory missions and others, as part of capacity building initiatives. For example, international institutions such as the World Bank, IMF, the United Nations, and INTOSAI, as a part of their support for developing countries and economies in transition, could benefit from the models.

In addition, the models may also prove useful within INTOSAI. For example, they may be useful to the Task Force examining issues on the independence of SAIs. This approach will not only save scarce development and other resources but it will also promote global uniformity, and will put to the test the best practices acquired during many years of experience with the functioning of SAIs.

Modus Operandi

Using the compendium data, and following a range of methodologies, a UNDP/BDP/IDG project team has performed the following:

- Identify the criteria for characterizing and grouping SAIs by type of system and the types of provisions that would be appropriate and good practice to mandate for SAIs;
- Group selected SAIs by type of system using and collect information on the provisions contained in their mandates based on the criteria developed and available SAI mandate information;
- Use the collected data and groupings to develop draft examples of best practice models for major types of SAI systems.

Of the 130 SAI mandates included in the compendium, 69 were reviewed. Data collected on their organizational structure and the existence of provisions appropriate for mandate. The 69 were selected based on suggestions from project team members with a view of providing geographical and SAI organizational coverage as well as countries with long established and stable government systems and those in transition.

Results

Of the 69 SAI mandates reviewed, those with an (1) hierarchical organizational structure were found to be most common while the other two most common systems were (2) the Board Model and (3) the Court Model."