

THE ROLE OF SUPREME AUDIT INSTITUTIONS

Advancing Sustainable and
Inclusive Development

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INTRODUCTION

Last year Global Affairs Canada issued a message to Canadians and to the broader global community that Canada's new development agenda would be centered on supporting the poor and most vulnerable and the empowerment of women and girls¹. Since then, Global Affairs Canada has been actively promoting the need for a feminist approach to development in all of its areas of activity, from food security and sustainable economic growth to governance, maternal newborn and child health, humanitarian support, and peace and security. Also in 2016, at the Congress of the International Organization of Supreme Audit Institutions (INTOSAI) in Abu Dhabi, the United Nations' Under-Secretary-General for Economic and Social Affairs, Mr. Wu Hongbo, issued his own strong message that Supreme Audit Institutions (SAIs) – independent public bodies mandated to ensure the proper and effective use of public funds using a variety of auditing techniques – have an important role to play in achieving the goals set out in the UN's 2030 Agenda for Sustainable Development (the SDGs). These SDGs prioritize the empowerment of women and girls as a prerequisite for sustainable and inclusive development.

Building on the Under-Secretary-General's statement noted above, and with Global Affairs Canada set to release its renewed international assistance policy following the conclusion of its International Assistance Review, this white paper serves as an opportunity for development practitioners and policy-makers to better understand this important relationship between effective SAIs and sustainable, inclusive development. In doing so, the paper underlines the importance of continuing to invest in governance institutions such as SAIs as critical and complementary tools for improving the lives of the most vulnerable, including women and girls, in the world's least developed countries.



“SAIs are critical and complementary tools for improving the lives of the most vulnerable, including women and girls, in the world's least developed countries.”

1. www.huffingtonpost.ca/marie-claude-bibeau/global-equality-gap_b_14447144.html

THE ROLE OF A SUPREME AUDIT INSTITUTION

Occupying pre-eminent positions as effective agents for government accountability to the public given their mandates covering almost all forms of government expenditure, SAIs are devoted to ensuring governments' respect for financial discipline and accurate reporting, policy and procedural compliance and – through performance or value-for-money auditing – effective policy and program delivery. In Parliamentary systems like Canada's, SAIs issue reports both publicly and directly to parliamentarians who can hold the government of the day to account for any transgressions or poor results identified through these audits.

Through Cowater's work supporting the development and modernization of over 35 SAIs and other key public oversight institutions over the last 30 years, what has become clear is that a lack of effective oversight, transparency and accountability over public sector spending decisions and practices serves as a key driver of the governance failures and corruption that can easily undermine the health, education and social security systems on which average citizens – but women, girls and those living in poverty in particular – depend for both their overall well-being and upward mobility. Yet through official development assistance, the international community has the ability to mitigate the severity and likelihood of these outcomes at their source by building more effective and credible SAIs backed by strong public support in developing and fragile states around the world.

To this end, Cowater envisions two key areas in particular where donor countries such as Canada can play an important role in enabling partner countries to leverage the mandates and capabilities of their SAIs to better ensure the achievement of core international development priorities.



“Through Cowater's work supporting the development of public oversight institutions over the last 30 years, what has become clear is that poor public financial management can easily undermine health, education and social security systems.”

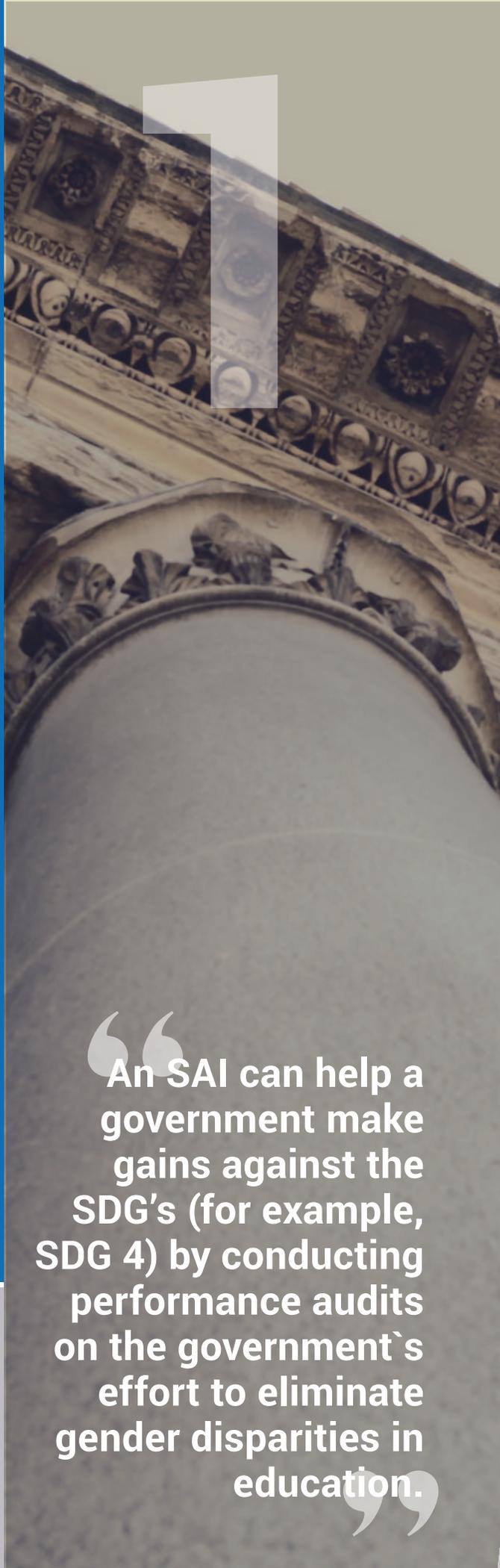
SDG IMPLEMENTATION AND MONITORING

Discussions among participants at the 2016 INTOSAI Congress highlighted several important ways in which SAIs can contribute meaningfully towards the implementation, follow-up and review of the UN Sustainable Development Goals.

First, although not part of their traditional mandate, SAIs could play a role in conducting national readiness assessments for implementing the SDGs and reporting on progress. With governments around the world having endorsed the SDGs in late 2015, now is the time to begin examining the extent to which each country is progressing towards its SDG targets. To this end, individual SAIs can carry out performance audits² to assess the preparedness of their government for implementing its programs linked to the achievement of the SDGs. For example, the SAI could focus on assessing if the targets set are realistic compared to resources being allocated or whether the country has a reliable source of information to collect baseline data. For instance, in the context of Goal 5: Gender Equality, each government would need to gather accurate current data on women's access to sexual and reproductive health services and rights in order to then measure progress over time against this starting point. Such activities can play an important role in highlighting areas of weakness in a government's approach to the achievement of SDGs early on and yield recommendations on opportunities for improvement.

Second, SAIs are in an excellent position to conduct performance audits that examine the economy, efficiency and effectiveness of key government programs that contribute to specific aspects of the SDGs. Selecting audits on topics related to the SDGs can provide a comprehensive understanding of the challenges posed with respect to achieving selected SDG targets and provide insights on what kind of policies and strategies can enable improved outcomes. For example, an SAI can help a government make gains against SDG 4 (Quality Education), by conducting performance audits on the government's effort to eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations. The SAI would then provide recommendations based on this audit as to where improvements can be made if there are absent or deficient policies and strategies.

1. www.huffingtonpost.ca/marie-claude-bibeau/global-equality-gap_b_14447144.html



“An SAI can help a government make gains against the SDG's (for example, SDG 4) by conducting performance audits on the government's effort to eliminate gender disparities in education.”

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These recommendations would be tabled in Parliament, and the government in question would be required to issue a formal response on how these recommendations are being addressed.

Third, SAIs are particularly strong and unique vehicles for the achievement of SDG 16: Peace, Justice, and Strong Institutions. This goal focuses on ensuring that countries have established and continue to build effective, accountable and transparent institutions. Such strong public institutions are considered prerequisites for fulfilling the ambitions of the 2030 Agenda for Sustainable Development. For example, the ability of government to deliver public services in a sustainable and equitable manner is determined in large part by their ability to raise sufficient revenues domestically, plan and execute budgets in a timely and accurate manner, and to ensure accountability and transparency in the use of these funds. Effective SAIs can directly contribute to the achievement of SDG 16 by examining whether public funds devoted to SDG attainment were spent economically, efficiently and effectively and in compliance with existing rules and regulations each year.



ADVANCEMENT OF GENDER EQUALITY

Over and above the role of SAIs in backstopping the attainment of SDG 4 pertaining to gender equality, these institutions are also in a unique position to advance the Government of Canada's feminist approach to development through the adoption of gender auditing as part of an SAI's standard toolkit alongside financial, compliance, and performance auditing. Gender auditing can be considered a natural pairing with gender budgeting, now becoming a standard practice within the Canadian government itself³.

In brief, gender audits assess the extent to which gender equality is institutionalised in the policies, programmes, organisational structures and corresponding budgets of national governments. There are several actions an SAI can take in order to understand a government's commitment to gender equality. These include:

- Conducting compliance audits⁴ to determine the degree of government compliance with national and international commitments to gender equality, such as the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW);
- Conducting compliance audits to determine a ministry, department or agency's compliance with the government's gender budgeting guidelines; and,
- Applying a gender lens to a performance audit activity by applying gender-based analysis. For example, in a performance audit of an education ministry or department, SAI auditors would investigate whether sex-disaggregated data is being collected on completion rates for various social groups and geographic areas at all education levels. Auditors could also identify the obstacles faced by girls versus boys face in accessing education and assess if programs or other measures exist to address any imbalances.

As noted above, audit reports prepared by SAIs for each of these activities are a strong mechanism to hold government to account in meeting their gender equality commitments and for providing recommendations on how to improve going forward, including justification for budget allocations and programming to do so. Critically, these reports also provide the public with important information they can utilize for their own bottom-up advocacy efforts to ensure their government respects its commitments to improving the lives of women and girls, men and boys.

3. See, for instance: <http://www.cbc.ca/news/politics/gender-based-budget-analysis-1.3980881>

4. Compliance auditing is the independent assessment of whether a particular subject matter is in compliance with applicable regulations and criteria. Compliance auditing is performed by assessing whether activities, financial transactions and information are, in all material respects, in compliance with the authorities which govern the audited entity.

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LOOKING AHEAD

Despite having the mandate to support the implementation of the SDGs and contribute towards reducing gender inequality in developing countries around the world, SAIs continue to face challenges, including a lack of independence, limited resources and the capacity to execute the types of complex audits described herein. However, these deficits can be overcome through the effective delivery of capacity building support to these institutions through bilateral development programming. Given the excellent global reputation of our own Office of the Auditor General, Canada is in a unique position to take a leadership role in supporting SAIs around the world in a way that ensures they can play an active role in realizing the SDGs, advancing gender equality and applying a feminist approach to development as part of their core role of ensuring accountable and effective governance.

cowater
INTERNATIONAL INC.



275 Slater Street, Suite 1600
Ottawa, ON, CANADA
613.722.6434

www.cowater.com |   