



Significance of UN Resolution A/66/209 on SAI Independence

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functions of SAIs - at a glance



- provide independent and reliable on government spending and operations
- facilitate transparency and public accountability
- strengthen parliaments in their oversight and control function
- serve as cornerstones of good governance and functioning of state





- efficient, effective and high quality performance of public audit tasks
- protected from any form of outside influence
- credibility of performance
- <u>independence</u> of SAIs from government guaranteed <u>by law</u> and enshrined in <u>constitution</u> (see Declarations of Lima (1977) and Mexico (2007))

UN Resolution on SAI independence (1)



Resolution A/66/209 approved by UN General Assembly, 22 December 2011:

"Promoting the efficiency, accountability, effectiveness and transparency of public administration by strengthening supreme audit institutions"

(Initiative of INTOSAI-General Secretariat 2008: supported by INT-Gov.Board (2009), INCOSAI (2010) as well as by UN-CEPA, UN-ECOSOC, UN-Panel of External Auditors)





The General Assembly of the United Nations explicitly recognizes:

- -SAIs can accomplish their tasks objectively only if independent of the audited entity and protected against outside influence;
- -important role of SAIs in promoting efficiency, accountability, effectiveness and transparency in public administration;
- -SAIs are conducive to the achievement of development objectives including the Millennium Development Goals;
- -the importance of works of SAIs and of INTOSAI;
- -the importance of the Declarations of Lima and Mexico.

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UN Member States are encouraged to:

- -apply the principles set out in the Lima and Mexico Declarations and to
- -continue and intensify their cooperation with INTOSAI in order to promote good governance;

significance for donors:

-base for intensified programmes for application of principles of SAI-independence





pillars of independence represented by eight principles of Mexico Declaration (INCOSAI 2007):

- -legal status
- -heads of SAIs
- operations
- -access to information
- -reporting audit results
- -content and timing of audit reports
- -follow-up
- -resources

Eight pillars – (1): legal status



principle 1:

existence of an appropriate, effective legal framework that spells out the extent of SAI independence

-e.g. Austrian Federal Constitution (ACA-specific chapter VI) lays down explicitly the juridical condition of ACA – it is independent of the Federal Government and the Government of Provinces (Laender) and subject only to provisions of law.



Eight pillars - (2): heads of SAIs



principle 2:

independence of SAI heads and members, including security of tenure and legal immunity in the discharge of their duties

-e.g. ACA's President is elected by National Council, term of 12 years, re-election not possible; can only be removed by means of a procedure independent of government authorities

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Eight pillars - (3): operations



principle 3:

sufficiently broad mandate and full discretion in discharge of SAI functions

-e.g. ACA's mandate = auditing accounts, financial management and operations of the State: federal government, province governments, municipalities (at least 10,000 inhabitants), associations of municipalities, funds, enterprises (at least 50% public stake or predominant position, statutory professional representative bodies; central bank, bank supervision authority; hospitals, universities ...



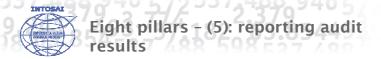


principle 4:

granted unrestricted access to information

-e.g. in case of ACA: principle realized in Federal Act on the Austrian Court of Audit - all audited entities have to cooperate with ACA and provide it with any information requested for purpose of particular audit (records, business documents, contracts, pieces of correspondence ...)

1.1





principle 5:

right and obligation to report on SAIs' work

-e.g. in ACA's case: Federal Constitution lays down that ACA should report at least once a year on the audit results; ACA has right to produce audit report more often (= current practice) and report at any time (= current practice) its observations to the National Council



Eight pillars - (6): content, timing



principle 6:

freedom to decide the content and timing of audit reports and to publish and disseminate them

-e.g. as laid down in Federal Constitution, ACA has the right to submit at time its reports to the National Council simultaneously informing the Federal Chancellor of every report; reports shall be published after submission to National Council

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Eight pillars - (7): follow-up



principle 7:

existence of effective follow-up mechanisms on SAI recommendations

-e.g. ACA (due to its own Strategic Plan) evaluates if recommendations of previous year have been implemented and assesses their effects; result of this survey are published in annual activity reports; after that and additionally, specific "follow-up"-audits are conducted in order to verify status of implementation in practical terms.



Eight pillars - (8) resources

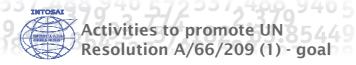


principle 8:

financial and administrative autonomy; availability of appropriate human, material and monetary resources

-e.g. Federal Constitution lays down: ACA's President is entitled to participate and speak in National Council (regarding matters of ACA's budgeting and respective subdivision of Federal Finance Bill); all personnel matters of ACA shall be managed independently: President of ACA can appoint officials (auditors) and auxiliary personnel

1.5





series of activities of

INTOSAI General Secretariat and

-Austrian Court of Audit (ACA)

goal:

to disseminate and to promote messages of UN Resolution A/66/209 in order to strengthen external public audit function, thus emphazising the independence of SAIs



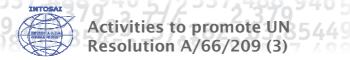
communication provided for national follow-up measures by national SAIs

-joint letter informing about UN Resolution by INTOSAI Secretary General as well as Secretaries General and Chairs of respective Regional Working Groups to all INTOSAI members

-<u>sample letter</u> provided to national SAISs to be adapted to the national context in order to approach national stakeholders

-<u>independence folder</u> including the UN Resolution sent to all INTOSAI members

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national follow-up measures

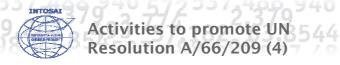
-workshops organized by national SAIs to improve their national legislative situation (e.g. SAI of Vietnam)

-broad information activities of INTOSAI members in their national context already leading to notable improvements (e.g. SAIs Malaysia, Samoa, Tanzania)

regional follow-up measures

-INTOSAI General Secretariat communicated the UN Resolution through <u>all Regional Working Group</u> meetings (2012/2013) to national SAIs

1.8





international follow-up measures of the INTOSAI General Secretariat

-UN High-Level Panel Discussion on safeguarding financing for sustainable development, May 2013, N.Y.

-more than 100 participants from 60 countries; keynote speaker INTOSAI Secretary General on the role of SAIs in sustainable development of public finances

-meeting of INTOSAI Secretary General with UN Secretary General Ban Ki-Moon and ECOSOC Vice President Martin Sajdik, October 2013, N.Y.

-topic: possible involvement of INTOSAI in the UN process to establish the Post 2015 Development Agenda

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key messages of INTOSAI Secretary General (I):

- -strengthening transparency of public finances and accountability of public financial management is a precondition for sustainable development
- -SAIs can contribute to sustainable development in this regard but need an adequate framework
- -UN Resolution A/66/209 on strengthening SAI independence needs to be implemented in order to create this adequate framework at national level





key messages of INTOSAI Secretary General (II):

- -INTOSAI is willing to contribute to the development of the Post-2015 Development Agenda on Sustainable Development at UN level
- -SAIs can contribute to sustainable development, <u>if they are</u> <u>independent</u> from audited entities
- -independence-preconditions stipulated in Lima and Mexico Declaration still need to be implemented

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key messages of INTOSAI Secretary General (III):

- -- implementation of the principles of SAI-independence should be elements of the UN Post-2015 Development Agenda
- therefore, it would be advisable to involve INTOSAI in the elaboration of the Post-2015 Development Agenda
- INTOSAI is willing and capable to contribute by bringing in its experience with regard to the necessities for SAIs to fulfil their audit tasks properly



prospect activities



- INTOSAI is going to be invited to make a contribution to the process establishing the UN Post-2015 Development Agenda
- core message: implementation of the UN Resolution A/66/209 and the preconditions for SAIs' independence should be essential elements of the UN Post-2015 agenda for sustainable development

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- Resolution A/66/209 = milestone success for external public auditing
- crowning achievement of common efforts of all INTOSAI member SAIs
- for the first time, INTOSAI recognized as an international organisation on the highest level of the UN
- active interaction with parliaments, the media, the public, and other relevant stakeholders required to further promote content of Resolution

