



## XXII Commonwealth Auditors General Conference Malta, 24 – 27 March 2014

### Conference Conclusions

#### 1.0 Conference Theme

1.1 The National Audit Office (NAO) of Malta hosted the XXII Conference of Commonwealth Auditors General between 24 and 27 March, 2014. The Conference, entitled “Securing Independence of SAIs to improve the Effectiveness of Reporting and Communication of Audit Findings”, was attended by 87 delegates from 35 Commonwealth countries. The Conference theme was sub-divided into two sub-themes, namely “Ensuring Independence of SAIs for Effective Reporting”, and “Effective Communication of Audit Findings to Key Audiences”.

#### 2.0 CHOGM Communiqué

2.1 Delegates at the Malta Conference recalled the Final Communiqué issued by the Commonwealth Heads of Government (CHOGM) at the end of their meeting in Sri Lanka in November 2013 which reaffirmed the importance of strong and independent SAIs and Public Accounts Committees:

##### ***Supreme Audit Institutions***

*45. Heads recognised the contribution that strong, properly resourced and independent supreme audit institutions play in improving transparency, accountability and value for money to ensure that public funds are appropriately spent.*

##### ***Public Accounts Committees***

*46. Heads of Government further reaffirmed that strong and independent Parliamentary oversight plays an important role in preserving the trust of citizens in the integrity of government, through Public Accounts Committees that are effective, independent and transparent.*

2.2 This declaration, which constitutes a landmark in the Commonwealth's promotion of good governance, was secured by the collective efforts of the Commonwealth Auditors General.

### **3.0 Conclusions on Conference Theme**

3.1 The following Conclusions emerged from the discussions on the two Sub-Themes

#### **3.2 *Conclusions on Sub-theme 1: Ensuring Independence of SAIs for Effective SAI Reporting***

3.2.1 SAI Independence is not a means to an end. It is not achieved once for all time but is a continuous work in progress. It is conferred by the legislature and put into effect, nurtured, and maintained by the SAI. SAI independence does not mean isolation as this actually corrodes independence. Instead, independence provides a platform from which SAIs can engage actively with the apparatus of state in fulfilment of their multiple roles.

3.2.2 Most Commonwealth countries appear to comply with the core principles of SAI independence, which have been formalised in legislation, and are perhaps partly or wholly incorporated into the Constitutional fabric. However, in practice, the Auditors General of several Commonwealth states encounter practical limitations to their independence. It seems that, within the Commonwealth at least, while constitutional and legal safeguards focus on the Office of the Auditor General, and in some cases on the Deputy Auditor General, as well as the protection of the Office holder from undue influence, the degree of protection for the organisation itself - that is, the SAI, and its staff – is notably less. Independence is limited –

- when SAIs cannot recruit and manage their own staff, or
- when budgets are determined by Ministries of Finance, and
- when SAIs cannot put the results of their work into the public domain within a reasonable period of time.

3.2.3 The Conference noted the appearance of significant new issues which impinge on SAIs' independence and their capacity to provide assurance to legislatures and citizens. One example is the extent to which SAIs have the right to audit private contractors which are engaged in public private partnerships or providing services to the public.

3.2.4 As governments have responded to the financial crisis of recent years and the levels of public indebtedness, parliaments and others have turned to the SAIs for advice and reassurance. Thus, in a number of countries, SAIs are seen as guardians of fiscal prudence and transparency.

### **3.3 Conclusions on Sub-theme 2: Effective Communication of Audit Findings to Key Audiences**

3.3.1 In using their independence, the Conference found that SAIs need to carefully consider the following four elements of communication:

- Content - reports must be of good quality and readily understandable;
- Medium – consideration needs to be given to how, and through what media and other means, messages are communicated;
- Audiences – the SAI must be clear about which audience or constituency it is seeking to influence: the Public Accounts Committee, legislators, the Head of Government or the Cabinet, public service managers, and specific constituencies within the general public; and
- Image – In a world saturated with vivid images, Commonwealth SAIs must reflect carefully on the image which their reports project of the institution, its role and the content of their report. In communicating reports, SAIs must project an image which makes the Office visible, credible, knowledgeable, integral or honest, impartial, and at the same time, sensitive to the legitimate interests of those delivering public services, those spending or collecting public monies.

3.3.2 The Conference noted that traditional core reporting co-exists with new reporting relationships. Traditional reporting relationships remain vital as they extend to Parliament, the Executive and the media.

3.3.3 Newer reporting relationships involve more intense interaction and communication with auditees, some of which may be new to NAO's jurisdiction. Reporting or cooperative relationships may extend to other oversight bodies, such as regulatory authorities, Central Banks and anti-corruption agencies. These oversight bodies, which are increasingly independent, need both to understand the work of the SAI as well as recognising how their areas of interest overlap and interact.

3.3.4 The Conference also addressed forms of communication, both formal and informal. Formal communication relates to the statutory reporting of findings, conclusions and possibly recommendations, whereas informal communication is more appropriate to engaging in discreet dialogue with governments and other oversight bodies on the transparency, integrity and performance of the State's governance systems.

3.3.5 Communication with external peers and donors provides opportunities for self-reflection, peer reviews, capacity building, dissemination of good practices, and breaking out of isolation.

3.3.6 The Conference singled out the challenges posed by the need to communicate with a highly politicized public and media. A SAI's presence in this arena is somewhat uneasy and fraught with risk. However, engaging with these stakeholders is essential if the SAI is to continue to be seen as relevant, in-touch, and useful. At the same time, however, SAIs must act with discretion and be alert to the risks entailed.

#### **4.0 Future Directions for Commonwealth Auditors General Conferences**

4.1 The delegates explored what actions could be taken forward by Commonwealth SAIs to honour the commitments made in the CHOGM Communiqué and to increase efforts to progressively strengthen the independence of Commonwealth SAIs. Delegates highlighted the need to:

- give priority to understanding more fully the extent of independence among Commonwealth SAIs;
- focus capacity-building efforts on two or three key aspects of independence, for example financial independence and/or the capacity to recruit and manage staff; and
- work with the Commonwealth Secretariat to ensure other key Commonwealth organisations are supportive.

#### **5.0 XXIII Commonwealth Auditors General Conference**

5.1 It was unanimously agreed that the forthcoming Commonwealth Auditors General Conference in 2017 is to be hosted by the Supreme Audit Institution of India.