

“The Success and Role of SAIs in Ensuring Sustainability Development with respect to Sustainable Development Goals” by ASOSAI Chair (JAN)

COUNTRY PAPER:

SAIs are inevitably expected to play a new role as a result of the increased awareness about the sustainable development in recent years. In this context:

- i) How can the capability and capacity of SAIs be increased to fulfill this responsibility**
- ii) How successful are they in enhancing sustainable development?**

1. INTRODUCTION

The development of Sustainable Development Goals (SDGs) is built upon the Millennium Development Goals (MDGs) which ended in 2015. Significant achievements have been made globally on many of the MDGs targets. However, the progress has been uneven across regions and countries and there are gaps which need to be addressed. The implementation of the SDGs is a holistic and inclusive global approach focusing on every aspects of social and economic as well as environmental sustainability.

2. IMPLEMENTATION OF SDGS

2.1. In implementing and monitoring the SDGs, the crucial issues that need to be seriously considered by the respective countries are relating to:

- (i) Their readiness to take up the challenges in achieving the set goals and targets;
- (ii) The existence of the country’s implementing and governance structure of the SDGs;
- (iii) The development of the national roadmap in terms of the prioritisation of the SDGs to be implemented; and
- (iv) The existence of the performance measurement on the achievement of the SDGs and the reporting mechanism.

2.2. From the experience of Malaysia, the institutional and governance framework involving all stakeholders is already in place today to plan and monitor the implementation of the SDGs. The Malaysian Government has embedded the implementation of the SDGs to the 11th Malaysia Plan 2016-2020 as an integral component of the country's national development strategy embracing 3 dimensions of inclusiveness, sustainability and high income. The Economic Planning Unit (EPU) in the Prime Minister's Department serves as the focal point for the overall implementation, coordination and reporting on the SDGs.

2.3. The Malaysian Government has also recently formulated the national roadmap on the implementation of 2030 United Nations (UN) Agenda on Sustainable Development. The implementation of the SDGs has been prioritised and would be undertaken in three phases until 2030. A broad-based and inclusive committee to oversee the implementation and monitoring of SDGs has been formed and actions have been taken to strengthen the data requirements for the SDGs.

2.4. All regions could indeed play a vital role in the implementation and monitoring of the 2030 UN Agenda on Sustainable Development particularly in realising SDG 16 pertaining to peace, justice and strong institutions. These have been reaffirmed by statements from: The African Organisation of Supreme Audit Institutions (AFROSAI) whereby - SDGs represent an opportunity for rethinking the engagement of SAIs in auditing government operations and governance issues.

AFROSAI whereby - SDGs represent an opportunity for rethinking the engagement of SAIs in auditing government operations and governance issues

As for The Asian Organization of Supreme Audit Institutions (ASOSAI)

- The implementation of SDGs has emphasised the importance of audit and has definitely impacted SAIs and the way audit work could be carried out in assisting the UN in achieving its objectives.

While for The European Organisation of Supreme Audit Institutions

(EUROSAI) – SDGs is an opportunity for raising awareness on the role of SAIs, regions and INTOSAI

2.5. Based on ASOSAI feedbacks which will be presented today are based on the member SAI's responses' to the given four approaches:

Approach 1:

Assessing the preparedness of the national governments and readiness of the national systems and data.

Approach 2:

Conducting the Performance Audits on SDGs.

Approach 3:

Assessing and supporting the implementation of SDG 16.

Approach 4:

SAIs being models of transparency and accountability. SAI's in ASOSAI region are of an agreement that these four approaches are globally relevant towards the effective implementation of the SDGs.

2.6. In respect of Approach 1, generally ASOSAI is prepared to work closely with INTOSAI and network with external stakeholders. We agree to collate information on countries' baseline to implement, follow-up and review the SDGs and produce the regional report. ASOSAI is willing to provide education and training activities in order to build Supreme Audit Institutions (SAIs) capacities and potentially audit the country's readiness for the implementation, monitoring and follow-up on the SDGs.

2.7. Performance audits will be crucial to assess the economy, efficiency and effectiveness of the programmes/activities/ projects pertaining to SDGs. ASOSAI has previously carried out the performance audits on programmes/activities/ projects which are directly or indirectly related to the MDGs through joint/coordinated/cooperative/ parallel audits. These forms of cooperation will be continued in the audit of SDGs.

2.8. Generally, ASOSAI is willing to produce periodic reports on the performance audits conducted. However, it should be noted that the envisaged challenges would be concerning

the SAIs' mandates on sharing and publicising the reports, coordinating the results as well as the resources needed to prepare the reports.

2.9. The Audit Findings Framework developed by SAI Brazil would provide a useful tool to aggregate performance and results at the regional and global levels as it can be adapted to all types of performance audits. JAN has been selected to test the framework in the performance audits of health and education. ASOSAI members are encouraged to adopt and adapt the Audit Findings Framework in their performance audits.

2.10. With regards to SDG 16, ASOSAI has expressed its support towards further improvement of the public financial management (PFM) including the accounting framework. This could be done through active dialogues with the respective PFM players, accounting bodies and so forth as well as through exchange of information and best practices among regions on PFM.

2.11. It is timely now for the regions to consider the possibility of developing a performance management measurement tool to gauge the effectiveness of the financial management of a country. JAN for instance, has introduced an objective, quantitative assessment tool known as the Financial Management Accountability Index which to us has shown significant achievements in the financial management of public funds.

2.12. With respect to the audit of performance information, it is relatively new to ASOSAI. Matters such as legislative requirement (mandate), the existence of performance management and reporting framework and confidentiality issues are of concern to them.

2.13. In line with ISSAI 12 and 20, SAIs need to be models of transparency and accountability by reporting on their own performance and operations. To become an effective accountable institution, every region recognises the importance of SAIs having sufficient legal framework and independence which is supported by appropriate resources to fulfill its role. The 2007 Mexico Declaration sets out concrete guidelines on SAI's

Independence. Apart from that, effective government auditing hinges on the adherence to the INTOSAI Code of Ethics and application of professional audit standards including ISSAIs.

2.14. The importance of SAIs being model institutions raises the question of how to assure the transparency and accountability of SAIs in carrying out their operations. As such, it is important for SAIs to measure and report on their performances. Based on feedback, SAI Performance Measurement Framework (PMF) is a good development tool to assess the performance. However, ASOSAI insists that the adoption should be voluntary, it must be modified to suit the country system, laws and regulations and the reports should not be used as a tool to compare SAIs performance against each other.

2.15. Generally, the regions support the development of a global SAI Performance Measurement Framework (PMF). However, the creation of the global PMF should be thoroughly deliberated in view of the diversity and maturity of the SAI community within a region. The decision to be assessed or to report on the performance lies exclusively with the member SAIs in view of their respective country's laws and regulations, audit mandate, readiness and willingness of the Heads of SAIs. It should be 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.

2.16. There are several issues and challenges faced by ASOSAI in relation to the SDGs implementation. First, there should be a well-defined legal and regulatory framework which facilitates the efficient and effective audits of the implementation of SDGs. Basically, SAIs' legal and institutional set-up vary. The mandate of SAIs' differ with regard to the types of audits conducted, duties and functions, confidentiality, reporting and power to publish the audit reports in the public domain as their roles are framed by their vision, mission and organisational strategy of their accountability purpose. Some SAIs still lack organizational and professional independence. Stronger SAIs with appropriate audit jurisdiction and

independence are more in the position to conduct the audit on the implementation of SDGs more effectively.

2.17. With respect to the governance value systems, ASOSAI share a common understanding on the need to be transparent, accountable and ethical. However, the practices in reality differ from country to country as it is influenced by factors such as the maturity of democracy, culture and so forth. There are cases where it is not mandatory for the SAI to carry out the performance audits/performance information audit; quality assurance assessment is not conducted; the audit results are not published; no adequate mechanisms on ethical behaviors; no formal communication with the public and so forth.

2.18. In the context of readiness of the national system and data pertaining to SDGs, the system must first be established and the data is available, valid and reliable. Data gathering process to assess the progress of the implementation of SDGs is an important aspect in keeping abreast about the national status on SDGs.

2.19. The issue on data collection pose a grave challenge for the regions and this issue could be addressed through engagement with the Departments of Statistics and related agencies in the respective countries. The issues of capacity and capability have been raised by most of the regions. Notably the regions differ in their technical capacities and capability. Technical capacity and capability means the staff number, professionalism and competency as well the infrastructure that supports it. Lack of staff, lack of funding and lack of technical skills including ICT are among the challenges cited by the regions.

2.20. The way forward is categorized into 3 levels - INTOSAI, Regions and SAIs.

2.21. ASOSAI identified several opportunities for INTOSAI to provide their assistance. It includes continued initiatives on SAI independence; raising awareness on the SAIs' role to audit the SDGs' implementation; provide the necessary assistance in capacity building and capability by providing expertise, developing standards and guidance (Guidance on how to

audit the national monitoring and reporting systems, Guidance on appropriate global or monitoring indicators specific to SDG 16), conduct relevant trainings and research; intensifying collaborations and knowledge sharing among regions and with developmental partners and other international organisations.

2.22. The proposal in the theme paper on the formulation of the multiannual INTOSAI plans for the life of the SDGs until 2030 which identifies the appropriate goals to be collectively focused on by the INTOSAI community each should be considered by all regions. It is proposed that the reports on the implementation and achievement of the SDGs will be a permanent agenda in future INCOSAI.

2.23. ASOSAI reaffirms its support to INTOSAI's proposed initiatives relating to SDGs. They will continue to play an active role in advocating SAIs' independence because SAIs' legal and institutional designs vary across ASOSAI region. It is proposed that a Working Group on SDGs to be established by inviting members from ASOSAI. The main task of this Working Group amongst others includes compiling and coordinating information on SDGs' implementation amongst the regions; identifying the commonality and priority amongst regions to assist regions in planning cooperative/coordinated/ parallel audit; identifying strategies for capacity building and knowledge sharing activities; conduct research on widening the scope of performance audit to include the audit of performance information (Key Performance Indicators) as well as non-financial information in the financial and compliance audits.

2.24. ASOSAI agree that the audits and reviews of SDGs have to be integrated in the mainstream audits which of course will depend on the mandates, strategic priorities and capacities of the respective SAIs. The regions should consider leveraging new technologies in gathering or analysing data. The open data, Big Data or data analytic are very useful tools to manage SDGs. The Big Data for example, allows for wider scope and extensive analysis and consequently resulted in greater operational efficiency in terms of reduced cost and risk. Lastly, active collaboration and interactions are encouraged through regional, thematic and

global groupings which will assist us to identify common issues affecting national readiness and preparation of the SDGs.

2.25. The extent of SAIs' independence is important for SAIs to contribute effectively in realising the 2030 UN Agenda on Sustainable Development. SAIs must strive for the ideal independence and the assistance from INTOSAI and the regions is crucial to address the challenges that SAIs face in obtaining the independence.

2.26. It is important for SAIs to realign their audit plans to cover SDGs' programmes and projects in a holistic manner. There is a need to prioritise the SDGs to be audited to determine the types of expertise required. SAIs should shift to risk-based analysis to identify high risk SDGs, thus allowing the scarce personnel and time to focus on the priority areas. The SAIs should be mandated to conduct the performance audits and the SAIs should carry out real time audits on the implementation of the SDGs as appropriate. A review of a country's long-term development should incorporate SAI audit findings in real time audits in order to provide a balanced picture.

3. SAIs' COMMITMENT

3.1. Finally, the Heads of SAIs' commitment is of prime importance to the success of the implementation of SDGs. The Heads of SAIs must formulate strategies to steer the audit on the implementation of SDGs and align to the national development goals. Without the leadership commitment, SDGs implementation may not get the priority in the allotment of funding and consequently affecting the implementation programmes and achievement of targets.

3.2. ASOSAI supports to contribute to the achievement of the UN 2030 Agenda for Sustainable Development. The audit on the implementation of the SDGs could be carried out in an efficient and effective manner if the fundamental issues are all addressed accordingly from the initial stage of the SDG implementation. It is envisaged that SDG preparedness will be the focus for much audit work in the next few years.

3.3. In relation to being model of transparency and accountability, the SAIs must lead by example in continuously demonstrating good governance, values and benefits to the citizens as espoused by The International Standards of Supreme Audit Institutions (ISSAI).

3.4. An integrated and collaborative programme on capacity building and knowledge sharing relating to the implementation of SDGs among the SAIs, regions and INTOSAI should be in place. For effective implementation and monitoring of the SDGs, regions should encourage the members to engage actively with all SDG related stakeholders such as the Heads of Governments, government agencies, institutions of higher learning, donors, international organisations as well as involvement in the regions and INTOSAI activities.

4. CONCLUSION

In concluding, SDGs will provide the platform for all future development plans globally until 2030. All regions should make important contributions to the achievement of the UN 2030 Agenda on Sustainable Development by promoting and strengthening good governance, transparency, accountability and reporting culture as well as fighting against corruption and fraud. The capability and capacity of SAIs can be increased by considering and implementing plans at INTOSAI, Regional, as well as at SAIs level as mentioned in this paper. To measure how successful they are in enhancing sustainable development will be answered as we progress in playing our role in the coming phases of implementation of SDGs oriented projects.