

## Summary conclusions of the Masterclass on SAI Independence 11-13 October, Paris France

### BACKGROUND

1. The Organisation for Economic Co-operation and Development (OECD) and the INTOSAI Development Initiative (IDI) organized a Masterclass on the independence of Supreme Audit Institutions (SAIs) in Paris on October 11-12. The Masterclass was complemented by a session held in the premises of the Court of Accounts of France on October 13, which was focused on the benefits stemmed from the collaboration between SAIs and Civil Society Organizations (CSOs).
2. The Masterclass was intended to provide the participating Heads of SAIs with different perspectives on strategies, advocacy tools and identification of potential partners, which will enable them to address risks and threats to their independence. The meeting was attended by the SAIs from Belize, Brazil, Costa Rica, Cyprus, Jordan, Pakistan, Paraguay, Philippines, Poland, Qatar, Saudi Arabia, Solomon Islands, Tchad and Zambia. The Masterclass also had representatives from AFROSAI-E, African Development Bank, USAID, IMF, the European Confederation of Institutes of Internal Auditing, the Council of European Energy Regulators, the European Investment Bank, the University of Guadalajara (Mexico), the University of Oslo (Norway), and the University of Deusto (Spain).
3. The decision to jointly organize the OECD-IDI Masterclass was based on the common view of both organizations regarding the relevance of the independence of SAIs as a key factor in public governance. OECD and IDI also share the idea that SAI independence is a concept that should be analyzed as a component of the institutional framework within the national context beyond the legal framework.

- ***Opening Remarks***

4. The Masterclass started with the opening remarks by Einar Gørrissen, Director General of IDI. He stressed out the connection between the threats to SAI Independence with political conditions, public governance structure, as well as social perception. This explains the need to look at the topic of SAI Independence within a broad perspective, such as the interaction with other actors in the accountability ecosystem, as well as the need to establish coalitions to defend the independence of SAIs.

5. In his turn, János Bertók, Deputy Director for Public Governance at OECD, underlined that the independence of SAIs is a necessary condition to preserve public accountability, transparency and check and balances to the exercise of power. The impact of SAIs on the public governance and public integrity is linked to the economic performance and the development of countries. He noted that SAIs are part of the OECD public governance agenda and priorities.
6. Additionally, Mr. Bertók emphasized the role of SAIs in generating public trust. In fact, the independence of SAIs is a variable related to the factors that determine public trust. Specifically, he referred to the OECD Trust Survey report which provides evidence on the elements that explain the level of trust across countries; he added that public trust brings about political participation, social cohesion, and institutional legitimacy.

- *IDI work on SAI independence*

7. The meeting included a presentation by Ola Hoem, Deputy Director of IDI, on IDI's strategy to advocate for the Independence of SAIs. He pointed out that a SAI cannot advocate for its independence on its own. It needs allies and partners to support its independence. He underlined that development partners, Civil Society Organizations, academia, global bodies, besides Parliaments, can contribute to better position the topic of independence at global and country level.
8. He stressed out that being independent entails being relevant. The success to advocate for the independence of a SAI depends, to large extent, on the way SAI is perceived by different stakeholders. If the reputation of a SAI is positive, it will be easier to find partners at global and country that will be willing to defend the independence of the SAI.
9. In relation to the way forward on the IDI's work to advocate for the independence of SAIs, it was highlighted that IDI will support SAIs in the strengthening of their legal units. This is a priority in the cases where SAIs do not have dedicated legal units and are relying on government legal functions and support. IDI intends to develop curriculum and capacities in this regard.

- *OECD work on public integrity*

10. Frédéric Boehm carried out a presentation on the work conducted by the Public Integrity Division within OECD. One of the main objectives of the division is to provide a forum for policy dialogue and the creation of common standards and principles. In practice, this means to carry out policy reviews and practical recommendations targeted to the reform priorities of each government.

11. Mr. Boehm pointed out that their portfolio includes data-driven assessments that focus on citizen trust and confidence, anti-corruption measures, institutional coordination, codes of conduct, whistleblower protection and integrity risk management, among others. He highlighted the relevance of the Global Anti-Corruption and Integrity Forum, which has become the premium event on integrity and anti-corruption worldwide, bringing together government leaders, policy communities, the private sector, civil.
12. Additionally, he underlined the positive outcomes of the OECD auditors alliance, which is a forum for public sector internal and external auditors to share insights and expertise on their audit practices, as well as to facilitate institutional partnerships matching the needs and skills of different auditors and audit entities.
13. OECD's work on public integrity encompasses SAIs. There are different projects addressing the role of SAI on this field. Diverse reports have been published from a wide variety of issues including their potential contribution for more informed policy making, the application of behavioral insights in the follow-up of their audit recommendations, the impact of their work on public governance, and the improvement opportunities on the way SAIs implement their mandates.
  - ***Joint OECD-IDI project on SAI independence***
14. IDI and OECD made a presentation on their joint project on SAI independence. Both organizations agreed to conduct a joint research project based on the view that the implementation of the INTOSAI's independence principles goes beyond the design of the legal frameworks, as it is influenced by practical elements of the institutional framework. This includes informal factors that are reflected in behavioral patterns, customs, organizational cultures and expectations.
15. It was pointed out that, at a first stage, IDI and OECD will capture good practices on the formal and informal institutional factors that determine the practical implementation of the Mexico Declaration principles. The goal is to include SAIs from all regions, models and institutional contexts. This will be carried out through in-country visits, surveys, interviews and focus groups.
16. IDI and OECD will consolidate the identified good practices into an IDI-OECD joint report. Based on this report, OECD will be in the position to issue principles on the practical implementation of Mexico Declaration that will be addressed to the Executive and Legislative, thus complementing the scope of the Mexico Declaration which is mainly aimed at SAIs.

17. This is the first time that a global project on SAI independence acknowledges the relevance of informal institutional factors and the importance of the role of the Executive and the Legislative on the implementation of the Mexico Declaration principles.
18. The potential benefits of this project are:
- It is a new approach to understand SAI Independence.
  - It will inform legal reforms in line with Mexico Declaration principles.
  - It will inform INTOSAI discussions on SAI Independence.
  - It will become a global Reference for SAI Independence advocacy (for development partners, donors, academia).
  - It will generate an INTOSAI-OECD agenda to advocate for the SAI independence with Executive and Legislative at country level.
19. The participants expressed their interest in being part of the project and contribute to the design of the scope of the initial report.
- ***SIRAM and the proactive approach to advocate for the independence of SAIs***
20. The IDI developed a dedicated mechanism called SIRAM (SAI Independence Rapid Advocacy Mechanism) to provide advocacy support to SAIs when they feel their independence is challenged. The process is triggered when IDI receives a report of a threat to or breach of SAI Independence by either the SAI itself or external stakeholders. The threats can take place through different modalities such as: unwarranted removal of SAI heads, budget cuts, practical limitations on the access to information, and laws limiting the SAI mandate.
21. The Masterclass included a discussion session where Mr. Odysseas Michaelides, Auditor General of the Audit Office of the Republic, and Mr. Marian Banaś, President of the Superior Audit Office of Poland, explained the context of the SIRAM processes they requested to IDI, as well as the positive impact that the SIRAM response had on their independence challenges. The rest of the head of SAIs shared their experiences on the independence problems they are facing. Most of them acknowledge that these issues are related to specific factors of their country context and the changing political and social environment they have to deal with.
22. The participants expressed their support to the SIRAM process and underlined the benefits on the availability of an INTOSAI tool the advocate for their independence and whose scope encompasses the limitations in the exercise of

the legal mandate, as well as the gaps in the legal infrastructure of the SAI in terms of the Mexico Declaration principles.

23. IDI pointed out that the SIRAM process is being reviewed in order to improve its methodology on the basis of the lessons learned from the cases already conducted, and also on the outcome of the discussions held during the Masterclass.

24. In addition to the methodology, it was discussed the need to enhance the capacities to manage the SIRAM. The management of SIRAM requires capacities on institutional and legal analysis. It was agreed that IDI can take advantage of the existing expertise from the INTOSAI community and other networks to support the conduct of SIRAM cases.

- ***Academic approach to SAI independence***

25. María Luisa Sánchez-Barrueco (University of Deusto, Spain), Lourdes Morales (University of Guadalajara, Mexico) and Jostein Askim (University of Oslo, Norway) participated in a panel on how SAI independence can be regarded as a variable in the institutional framework of countries from an academic perspective.

26. María Luisa Sánchez Barrueco pointed out the relevance of connecting all the components Mexico Declaration principles to the constitutional provisions and the legal frameworks design, as a way to provide SAIs with institutional certainty and stability in the long-run. Lourdes Morales highlighted the role of SAIs as an accountability ecosystem actor and emphasized the contribution of their work to transparency and rule of law. Jostein Askim presented a set of dilemmas on the independence of SAIs in relation to the political conditions and the design of the institutional environment where they operate. This included topics such as independence in the context non-majoritarian institutions, the accountability of the SAI, the political appointments of SAIs collegial leaderships, as well as the relevance of institutional informal rules in the operation of SAIs.

- ***Public Trust and SAI Independence***

27. IDI conducted a discussion session on the relationship of SAI independence and public perception. Public reputation of SAIs is explained, to large extent, by the way it is perceived as independent. In turn, the reputation of SAIs defines the willingness of external stakeholders to advocate for the independence of the SAI.

28. The reputation of SAIs can be linked to the concept of trust. It was suggested that trust on SAIs can depend on three elements: (1) the way it implements its mandate and the follow-up of their recommendations, (2) the transparency on its

performance, as well as (3) the way it communicates the results of its work and its value and benefits.

29. The communication of SAIs takes place in the context of prevailing public narrative -generated by political actors, media and CSOs- and it also depends on societal factors that define the content and impact of institutional messages.
30. Participants discussed the relevance of having adaptable and targeted communication strategies to maintain the reputation of the institution, taking into consideration the specificities of each country context. The adequate use of social media is perceived as a positive tool for SAIs to communicate their value and benefits. It was highlighted that resources are required to develop suitable outreach approaches; the exchange of experiences on this field is required.
31. It was agreed that any future effort to improve the public perception of SAIs through effective communication and outreach strategies should take into consideration the evidence-based information developed by OECD on public trust.

- *Independence challenges of other oversight institutions*

32. A panel discussion on the independence challenges from other oversight institutions took place. Annegret Groebel, President of the Council of European Energy Regulators (BNetzA, Germany) and Soledad Lamas, from the ECIIA- European Confederation of Institutes of Internal Auditing, participated as speakers in the session.
33. Both agreed that SAIs have similar independence needs to other oversight institutions. While independence of regulators and internal auditors have their own features, there are lessons to be learned by SAIs. The need of protection from external interference on the technical decisions was underlined in the case of regulators and the relevance of the independent state of mind was pointed out by ECIIA.
34. Regulators' good practices on collegial decisions, conflict of interest, their transparency and accountability were part of the discussions. As for the internal auditors, it was highlighted the need to strengthen the collaboration between SAIs and internal auditors through effective mechanisms of exchange of information. EUROSAI and ECIIA are closely working on this issue. OECD auditors alliance is a natural space to address this issue.
35. Participants agree that SAIs can learn from the exchange of experiences at global level with regulators and internal auditors, to identify new ways to defend their own autonomy and independence.

- ***The relevance of SAI independence from the perspective of development partners and the Executive.***

36. The Masterclass incorporated a panel discussion on how other actors perceived the relevance of SAI independence. The panel was comprised of Ernesto Cordero, Former Minister of Finance of Mexico and Chair of the Senate; Laura Gores, Advisor of the Public Financial Management Division in IMF; Dorothea Malloy, USAID - Senior Advisor to the Chief Financial Officer; and Roman Escolano – Former Minister of Finance of Spain and Group Chief Risk Officer of the European Investment Bank.

37. Ernesto Cordero referred to his experience as an auditee to the SAI as a former Minister of Finance. He noted that when SAIs are independent their findings and recommendations are more likely to have a positive impact on the performance of governments and on fiscal transparency. He also pointed out that being audited by an independent SAI is a legal safeguard for the public officers who eventually will leave their government positions.

38. Laura Gores highlighted the relevance of SAIs as key actors in good governance through their impact on public financial management. She noted that strong external audit correlates with better corruption control. In addition, she explained the IMF tools to assess the independence of SAIs through the fiscal transparency evaluations, Public Investment Management Assessment, and the tax administration diagnostic tools.

39. Dorothea Malloy made a presentation on the work conducted by USAID, its coverage and priorities. She underscored the linkage between their strategy to promote the fight against corruption and the strengthening of institutions, including SAIs and their independence.

40. Román Escolano presented an overview on the work of the European Investment Bank. In addition, he underlined the relevance of the independence of the Bank to foster a decision making oriented towards the economic development in the region.

- ***Way forward for the IDI-OECD project***

41. It was agreed that IDI and OECD would establish a working network with all the participants and speakers of the Masterclass, as a selected group of experts which will provide inputs and feedback on the initial design of the project from different angles.

42. It was also agreed that the main conclusions of the Masterclass will outline the initial scope of the project. Some of the topics derived from the discussions of the Masterclass relevant for the IDI-OECD project are: (1) SAIs and public trust; (2) the coverage of different institutional contexts; (3) the analysis of legal frameworks beyond the constitution and audit act; (3) the effect of informal rules on independence; (4) communication issues; (5) the relation of SAIs with developments partners; (6) the outcomes from SIRAM cases; and (7) the accountability of SAIs.

### *Third day of the Masterclass at the Court of Accounts of France*

43. The third day of the Masterclass initiated with the welcoming remarks of Monsieur Pierre Moscovici, Premier président of the Court of Accounts of France, in which he emphasized the relevance of the independence to maintain the democratic balance in countries.
44. As next agenda item, Madame Sophie Tsapzang, member of the Public Prosecutor's Office at the Court des Comptes, Monsieur Bruno Nataf, member of the Public Prosecutor's Office at the Court des Comptes, Monsieur Antoine Pavamani, member of the General Secretariat of the Court des Comptes, presented the platform established by the SAI of France to obtain information from citizens to guide their audit priorities. It was highlighted that this platform is aimed at improving the impact of the work of the Court of Accounts in the live of citizens. Citizens are partners that informed their main concerns on the performance of government.
45. The third day of the Masterclass also included a panel discussion on the collaboration between SAIs and CSOs as a way to strengthen public accountability. Patrick Lefas, Président de Transparency International France, Paula Pérez, Open Government Partnership, Sébastien Lepers, former International Relations of the Court of Accounts of France and Freddy Ndjemba, Senior Manger in IDI, participated in the panel.
46. It was agreed that in recent years, many SAIs have stepped up their efforts to engage with the general public, by inviting citizens groups to take part in the audit selection process, and by increasing the communication around audit findings. It was also mentioned that mutual learning is a key element to promote the collaboration. CSOs can learn more about public auditing and SAIs can benefit from CSOs' technical knowledge, as well as methodologies on monitoring the use of public funds. It was noted that collaboration between SAIs and CSOs should be based on clear objectives, with well-defined time frames and feasible and realistic action plans.

47. The Masterclass concluded with the closing remarks by Ola Hoem, Deputy Director of IDI, where he thanked the participants, speakers, OECD and the Court of Accounts of France for their contribution to the success of the Masterclass.