Earning and Obtaining SAI Independence

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My personal struggle: late 1990s

Are more independent SAIs more effective?

The case of central banks …

Importance of SAI Credibility and Effectiveness

"Supreme Audit Institutions need to be independent if they are to be credible and effective" *

* First line of:

 "Making SAI Independence a reality: Some lessons across the Commonwealth"

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Interdependent factors

- *Independence >>> Effectiveness and Credibility*

- *But also: Credibility and Effectiveness >>> Independence*
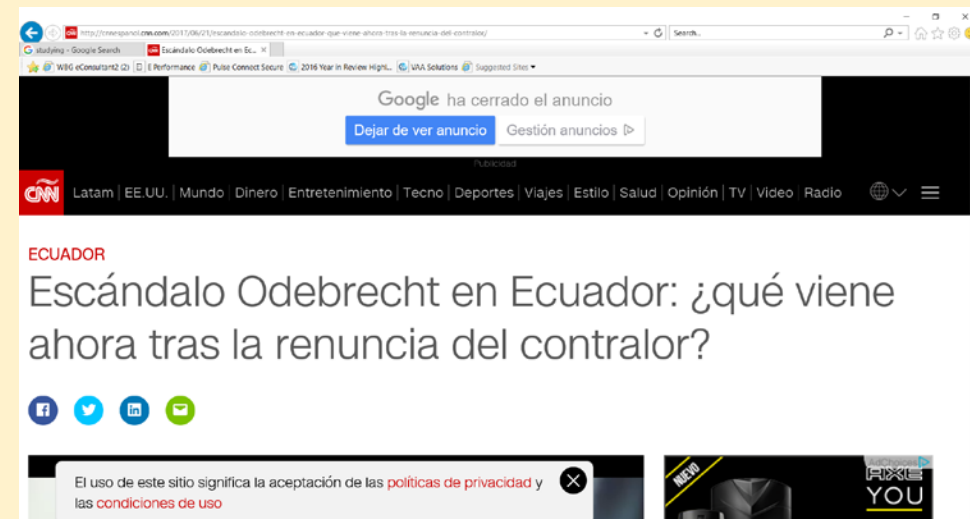
Credibility and effectiveness as tools for <u>earning</u> independence

To increase SAI Credibility

- Relevance and Importance of Findings

- Reliability, timeliness of outputs

- External Oversight of SAIs (ISSAI 20)
  - Peer review
  - Audit of SAI financial statements
  - Reporting to the legislature or other Oversight body (eg SAI Board)
  - SAI PMF

Negative impacts on SAI Credibility

- Corruption or other scandals involving SAI officials (current or past)
- Excessive focus on compliance
- Poor quality or late reporting

SAI Effectiveness

- Measuring effectiveness
  - Many good tools: SAI PMF, Peer reviews etc
- Increasing effectiveness
  - Improving financial and performance auditing
  - Using technology
  - Implementing action plans arising from diagnostic reports

Importance of "Promoting Yourself"

- Operating *as if you already have* greater independence

  - **Credibility**
    - Being accountable to stakeholders
    - Factual, nonpolitical reporting
    - Avoiding scandal

  - **Effectiveness**
    - Producing useful, high quality reports
    - Delivering products within budget, and in a timely manner
    - Rigorous financial audit

World Bank support to SAI Independence

- World Bank and other Partners can support SAIs to gain greater independence
  - Instruments including policy and investment loans, or donor funded projects

Credible and Effective SAIs are more likely to receive donor support

- EXAMPLES

THANK YOU!

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