

# **INTOSAI-DONOR COOPERATION**

## **PHASE 2 (2013-15)**

**PERFORMANCE AND FINANCIAL REPORT 2014**



**INTOSAI-DONOR SECRETARIAT**

**26 May 2015**

## Version Control Sheet

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### Note on Use of Version Control

Updated versions for internal purposes would be 0.1, 1.1, 1.2 etc.

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## TABLE OF CONTENTS

<b>ANNEXES</b> .....	<b>4</b>
<b>ACRONYMS</b> .....	<b>4</b>
<b>EXECUTIVE SUMMARY</b> .....	<b>5</b>
<b>1. INTRODUCTION</b> .....	<b>8</b>
1.1 REPORT PURPOSE .....	8
1.2 INTOSAI-DONOR COOPERATION BACKGROUND.....	8
1.3 RESULTS FRAMEWORK AND LOGFRAME FOR REPORTING .....	8
1.4 FINANCIAL AND OTHER SUPPORT FOR THE INTOSAI-DONOR COOPERATION (PHASE 2) .....	11
1.5 INTOSAI-DONOR COOPERATION GOVERNANCE ARRANGEMENTS AND SECRETARIAT STAFFING .....	12
<b>2. INTOSAI-DONOR COOPERATION PERFORMANCE REPORT, 2014</b> .....	<b>15</b>
2.1 LEVELS OF RESULTS REPORTING.....	15
2.2 REPORTING AGAINST PROGRAM PURPOSE: IMPROVED SAI PERFORMANCE IN DEVELOPING COUNTRIES.....	16
2.3 REPORTING AGAINST EXPECTED RESULTS: SCALED-UP AND MORE EFFECTIVE SUPPORT .....	19
2.3.1 EFFECTIVE CAPACITY DEVELOPMENT INITIATIVES FOR BETTER SAI PERFORMANCE.....	19
2.3.2 EFFECTIVE SUPPORT TO INTOSAI REGIONS.....	20
2.3.3 STRONGER INTOSAI KNOWLEDGE NETWORKS AND COMMUNITIES .....	20
2.3.4 GLOBAL PUBLIC GOODS DEVELOPED AND DISSEMINATED.....	21
2.3.5 SCALED-UP AND MORE EFFECTIVE SUPPORT .....	21
2.4 REPORTING PROGRESS AGAINST THE WORK PROGRAM THEMES .....	24
2.4.1 THEME 1: INTOSAI-DONOR COOPERATION MANAGEMENT .....	24
2.4.2 THEME 2: FUNDING MECHANISMS AND PROJECT IDENTIFICATION .....	25
2.4.3 THEME 3: SAI PERFORMANCE MEASUREMENT FRAMEWORK.....	26
2.4.4 THEME 4: KNOWLEDGE CENTRE ON SUPPORT TO SAIS .....	31
2.4.5 THEME 5: STRENGTHENING THE SUPPLY OF SUPPORT TO SAIS .....	32
2.4.6 THEME 6: SAI RESEARCH AGENDA .....	33
2.4.7 THEME 7: MONITORING AND EVALUATION.....	35
2.5 CROSS-CUTTING OBSERVATIONS ON SUSTAINABILITY AND GENDER .....	36
<b>3. INTOSAI-DONOR COOPERATION: FINANCIAL REPORT, 2014</b> .....	<b>38</b>
3.1 CURRENT APPROVED FINANCING SCHEDULE AND BUDGET, 2013-15.....	38
3.2 BUDGET EXECUTION, 2014.....	39
3.3 INCOME AND EXPENDITURE PER DONOR, 2014.....	40
3.4 ADDITIONAL ACTIVITIES UNDERTAKEN ON A COST RECOVERY BASIS .....	41
3.5 PROPOSED REVISED FINANCING SCHEDULE AND BUDGET, 2015.....	42
3.6 UPDATE ON PLANS TO STRENGTHEN BUDGETING AND FINANCIAL REPORTING .....	44
<b>4. EXPLANATION OF MAJOR DEVIATIONS</b> .....	<b>46</b>
<b>5. MANAGEMENT OF INTERNAL AND EXTERNAL RISKS</b> .....	<b>46</b>
<b>6. PROPOSED ADJUSTMENTS TO AGREED PLANS</b> .....	<b>47</b>

## **ANNEXES**

- Annex A: INTOSAI-Donor Cooperation Logframe, as at 31 December 2014  
 Annex B: Financial Statements IDI 2014 (English Translation & Signed Norwegian Original)  
 Annex C: Financial Statements – Notes 2014 (English Translation)  
 Annex D: Auditors Report 2014 (English Translation & Signed Norwegian Original)  
 Annex E: INTOSAI-Donor Cooperation Work Plan 2015

## **ACRONYMS**

<b>ADA</b>	Austrian Development Agency
<b>CBC</b>	Capacity Building Committee
<b>Cooperation</b>	INTOSAI-Donor Cooperation
<b>Database</b>	SAI Capacity Development database
<b>DFID</b>	Department for International Development (UK)
<b>EITI</b>	Extractive Industries Transparency Initiative
<b>GCP</b>	Global Call for Proposals
<b>GNI</b>	Gross National Income
<b>IDI</b>	INTOSAI Development Initiative
<b>ISSAIs</b>	International Standards of Supreme Audit Institutions
<b>INTOSAI</b>	International Organization of Supreme Audit Institutions
<b>LDC</b>	Least Developed Countries
<b>LI</b>	Low Income Countries
<b>LMI</b>	Lower Middle Income Countries
<b>MFA</b>	Ministère des Affaires Etrangères et du Développement International (France)
<b>MoU</b>	INTOSAI-Donor Memorandum of Understanding
<b>NORAD</b>	Norwegian Agency for Development Cooperation
<b>OAGN</b>	Office of the Auditor General of Norway
<b>OLI</b>	Other Low Income Countries
<b>PD</b>	Program Document
<b>PEFA</b>	Public Expenditure and Financial Accountability
<b>PMF</b>	Performance Measurement Framework
<b>ToRs</b>	Terms of Reference
<b>SAI</b>	Supreme Audit Institution
<b>SAI CDF</b>	SAI Capacity Development Fund
<b>SC</b>	INTOSAI-Donor Steering Committee
<b>SECO</b>	State Secretariat for Economic Affairs (Switzerland)
<b>Secretariat</b>	INTOSAI-Donor Secretariat
<b>UMI</b>	Upper Middle Income Countries
<b>WB</b>	The World Bank
<b>WGVBS</b>	Working Group on the Value and Benefits of SAIs

## **EXECUTIVE SUMMARY**

This report summarises the performance and financial position of the INTOSAI-Donor Cooperation against the Program Document 2013-15, logframe and 2014 work plan, to meet the contractual requirements of the funding donors.

### **SAI Performance Improving in Developing Countries**

The purpose of the Cooperation is to improve the performance of SAIs in developing countries. 2014 data shows SAI performance is improving, on most indicators and in most income groups. Global SAI performance data shows significant improvements in external audit systems from 2010 to 2014 (using PEFA PI-26 scores for repeat assessments) on all three PEFA dimensions and in all income groups.

Comparing the 2014 global survey to the 2010 INTOSAI stock taking shows upper-middle income countries increasingly issuing their annual audit reports within legal timeframes, but a decline in low income countries. And data from published PEFA assessments (PEFA PI-10 criteria iv) shows increases in the timely publication of annual audit reports in low and lower-middle income countries, though no change in upper-middle income countries, where the figure is already high.

### **Scaled-up and More Effective Support for SAI Capacity Development**

The Cooperation seeks to improve SAI performance through scaling-up and increasing the effectiveness of support to SAIs. The average annual value<sup>1</sup> of support for SAI capacity development increased from US \$54 million in 2012 to \$62 million in 2014, and the SAI Capacity Development Fund has been established with a commitment of 5 million Swiss Francs from Switzerland, 3 million already disbursed into the fund, and grant awards made to the SAIs of Gabon and Georgia. Two further projects were also approved in principle, pending clarifications on the concept notes received.

The Cooperation has prioritised development of SAI-led strategies and development action plans since 2010, and now almost all SAIs have these in place: in low income countries, the percentage of SAIs with strategic plans improved from 63% to 90%. The 2014 Global Survey reports that in over 90% of countries, all support is aligned with the SAI's strategic plan. However, 65% of respondents, who confirmed they were in receipt of capacity development support, reported there was no overall donor coordination group. Further, the Survey found a positive link between the existence of a coordination group and the likelihood of capacity development initiatives being successful. Whether this suggests coordination leads to successful capacity development, or that stronger SAIs are more effective at both coordinating the support they receive and implementing successful capacity development initiatives, requires further country-level study.

The Cooperation recognises the nature of INTOSAI as a global peer partnership, and the role of diverse stakeholders in supporting capacity development. Evidence shows a strengthening of INTOSAI regions, with more regions accessing external support, and the Cooperation improving skills of regional bodies and knowledge networks in areas such as use of performance measurement (such as the SAI PMF), and

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<sup>1</sup> Three year moving average, based on analysis from the SAI Capacity Development Database

developing needs based funding applications. In addition to continuing SAI PMF roll-out, the Cooperation has developed and disseminated a number of global public goods during 2014, including a Stocktake on SAIs and Stakeholder Engagement Practices, published by the Effective Institutions Platform.

Work to strengthen the design and delivery of support to SAIs gained momentum. The learning event for development agency staff 'Working with SAIs' was launched in Washington, updated, and delivered on a further two occasions. A Synthesis of Evaluations of SAI Capacity Development Programs was published, pointing the way to improvements in both program design, and future evaluations.

### **Strong Progress on High Priority Tasks in 2014**

The 2014 work program gave high priority to the following tasks, which were successfully delivered by the Secretariat and others. Theme 1: Cooperation management, including hosting the 7<sup>th</sup> SC meeting, bi-monthly SC leadership teleconferences, and communication activities. Theme 2: funding mechanisms and project identification, under which the SAI Capacity Development Fund was launched and made grant awards, and submissions from the 2013 Global Call for Proposals were received, with indicative interest expressed in 53% of the proposals. Theme 3: SAI PMF, in which the pilot phase continued, with 21 SAIs commencing pilot assessments, supported by a global network of SAI PMF assessors passing 550 members. Theme 4: the Secretariat continued to ensure the SAI Capacity Development Database was kept up to date to make it an effective tool for better coordination. And theme 7: the evaluation of the INTOSAI-Donor Cooperation was designed, commissioned and the inception report approved.

### **External Evaluation of the INTOSAI-Donor Cooperation (On-going)**

As planned in the Program Document, an external evaluation of the Cooperation commenced in 2014. The Steering Committee agreed a terms of reference for the evaluation, and the evaluator's inception report was agreed by the SC leadership. The evaluation will focus on the following:

- **Pillar 1:** Evaluating the design of the Cooperation against the MoU principles, and its performance including results against the phase 1 and phase 2 program documents, annual work plans, functioning of the Secretariat and overall governance arrangements of the Cooperation
- **Pillar 2:** Evaluating behaviour of the INTOSAI and Donor communities against the MoU principles, and Cooperation contribution to behavioural changes

Evidence for the evaluation will be drawn from global and regional analysis, interviews and documentary review, as well as country visits and desk studies. Due to delays in the inception period, and further delays in securing agreement on country visits and desk studies, the draft report is expected in mid-May.

### **Staff Turnover in 2014 but Fully Funded and Staffed for 2015**

2014 was characterised by a lack of staff continuity and vacancies within the Secretariat, reflecting a combination of staff new to the work of the Secretariat, turnover, and medical absence. At its low point, the Secretariat had two technical staff, against the 4.5 planned in the program document. Some low priority activities were placed on hold, and external consultancy support was used. Since September, staffing levels have been returning to normal, and the Secretariat expects to be fully staffed in 2015.

**Significant New Risk to Cooperation Success to be Carefully Managed**

Section 5 considers the management of internal and external risks, and updates the risk register from the program document and 2013 performance and financial report. A new key risk has emerged during 2014: “SAIs are unwilling to share their SAI PMF assessments, for both quality assurance (QA) purposes (reducing quality of assessments) and improvement purposes (reducing quality of the final SAI PMF)”.

## 1. INTRODUCTION

### 1.1 Report Purpose

Austria, Ireland, Norway, Switzerland and the UK have provided core funding to support phase two of the INTOSAI-Donor Cooperation (2013-15), through grants to the INTOSAI-Donor Secretariat within the IDI. In addition, the World Bank has provided earmarked funds for certain activities under the Cooperation, and the SAIs of Norway and Brazil have provided staff as in-kind support. Also, SAI France has recently provided support for the Cooperation's work in 2015. The purpose of this report is to fulfil the reporting requirements set down in the Program Contract<sup>2</sup>, through reporting on performance, progress, and the use of funds during 2014.

### 1.2 INTOSAI-Donor Cooperation Background

Recognizing the importance of well functioning, multidisciplinary and independent SAIs, and that support to SAIs from both the INTOSAI and Donor communities could be more effective, the International Organization of Supreme Audit Institutions (INTOSAI) and 15 Donors signed a landmark Memorandum of Understanding (MOU) to augment and strengthen support to SAIs in developing countries in 2009. Since then, a further seven donor organizations have signed the MoU. Phase one of the Cooperation ran from June 2010 to December 2012. At the fifth INTOSAI-Donor Steering Committee meeting in London in October 2012, the SC agreed a Program Document (PD) for phase 2 (2013-15), which sets the strategic direction, governance arrangements and overall work program for the Cooperation. The PD identifies the following seven broad themes for the work of the Cooperation:

**Theme 1:** INTOSAI-Donor Cooperation Management

**Theme 2:** Funding Mechanisms and Project Identification

**Theme 3:** SAI Performance Measurement Framework (SAI PMF)

**Theme 4:** Knowledge Centre on Support to SAIs

**Theme 5:** Strengthening the Supply of Support to SAIs

**Theme 6:** Research and Evidence on SAIs

**Theme 7:** Monitoring, Evaluation and Lesson Learning

### 1.3 Results Framework and Logframe for Reporting

A multi-donor evaluation<sup>3</sup> of PFM reform noted that the lack of measurable indicators within PFM reform programs undermined efforts to evaluate both the success of PFM reforms and the success of donor support to those reforms. In response to this, the PD includes a results framework for the Cooperation, to enable specification of measurable indicators at appropriate levels of the results chain. I.e. indicators of the performance of SAIs, being the ultimate target group for the Cooperation, as well as

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<sup>2</sup> And other relevant grant agreements – see section 1.4

<sup>3</sup> 'Evaluation of Public Financial Management Reform in Burkina Faso, Ghana and Malawi 2001-10, Final Synthesis Report', Andrew Lawson, April 2012

measures of performance relevant to the Cooperation's efforts to scale up and enhance the effectiveness of support to SAIs. This is designed to facilitate more meaningful progress monitoring, as well as future evaluations and lesson learning. The diagram below shows the results framework for the Cooperation. It defines the results chain as: **inputs-activities-outputs-initial outcomes-intermediate outcomes-final outcomes**, and SAI contribution towards impact. It recognizes the wider environment in which the Cooperation operates.

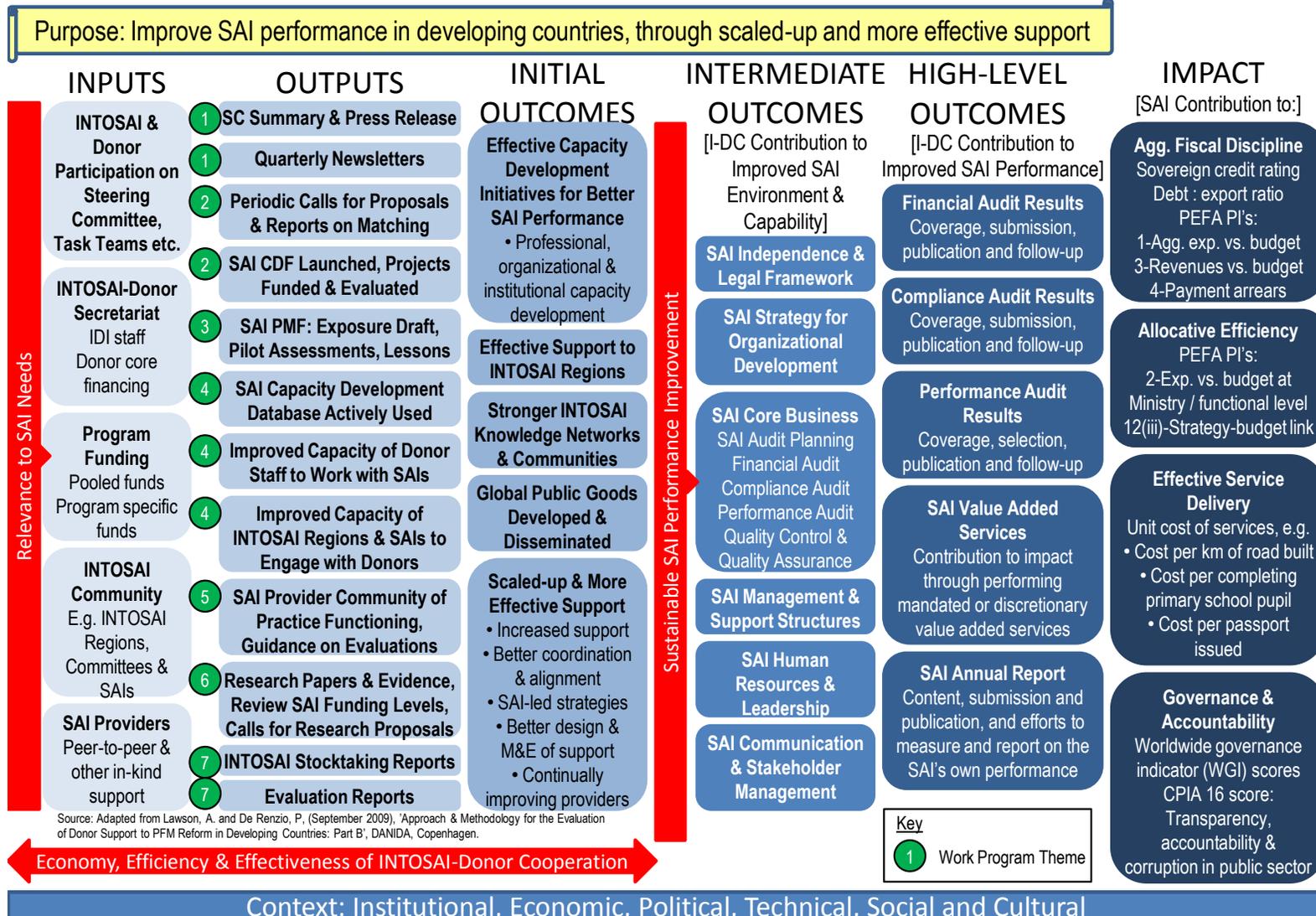
It is important to explicitly recognize the difference between initial outcomes on the one hand and intermediate and final outcomes on the other hand. Initial outcomes are closely attributable to the activities of the Cooperation (e.g. scaling up support for SAI capacity development) and are useful for evaluating program economy, efficiency and effectiveness. Intermediate and final outcomes are influenced by many factors beyond the activities of the program (e.g. level of audit coverage, and timeliness of submission and publication of audit reports) and are useful for monitoring and evaluating performance improvement at the level of the SAI. One should also recognize that development of global public goods (e.g. new manuals, guidance and training) as well as strengthening global and regional support mechanisms, are an efficient way of contributing to strengthening the performance of SAIs around the world, but are not an end to themselves.

To enable monitoring and evaluation of the Cooperation, including its relevance and contribution to sustainable performance improvements in SAIs, an INTOSAI-Donor Cooperation logframe was included as part of the PD. This defines indicators, baselines, milestones and targets at the following levels of the results framework: high level outcomes, initial outcomes, and outputs. This logframe is included as Annex A, updated to show actual achievement against milestones as at 31 December 2014<sup>4</sup>. Baselines are drawn from relevant sources, including the 2010 Stocktaking report, relevant PEFA data, and reports from phase 1 of the Cooperation.

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<sup>4</sup> Milestone dates for outputs are annual, the first milestone date being 31 December 2013. Milestone dates for initial outcomes and high-level outcomes are every second year, the first being 31 December 2014.

# INTOSAI-Donor Cooperation Results Framework



Source: Adapted from Lawson, A. and De Renzio, P. (September 2009), 'Approach & Methodology for the Evaluation of Donor Support to PFM Reform in Developing Countries: Part B', DANIDA, Copenhagen.

**Key**  
1 Work Program Theme

Note: 'Work Program Theme' relates to the seven themes agreed in the 2013-15 program document.

## **1.4 Financial and Other Support for the INTOSAI-Donor Cooperation (Phase 2)**

IDI, as host of the Secretariat, entered into a Program Contract regarding funding for the INTOSAI-Donor Cooperation 2013-15, with the Austrian Development Agency (ADA) and Ministry of Foreign Affairs and Trade, Ireland, in December 2012. During 2013, the Norwegian Agency for Development Cooperation (NORAD) and the State Secretariat for Economic Affairs (SECO) (Switzerland) each signed an Addendum to the Program Contract. The Program Contract contains, as Annex 1, an agreed program summary consistent with the PD. The Department for International Development (DFID) (UK) has expanded an existing accountable grant arrangement<sup>5</sup> to include a component to support the Cooperation, to which the PD is an annex<sup>6</sup>. In November 2014, the French Ministère des Affaires Etrangères et du Développement International (MFA France) signed a subvention granting the INTOSAI-Donor Cooperation €100 000 core support for 2015. From 1st January 2015, the funding from Norway will switch from NORAD funding to direct Parliamentary funding. This will be as a core grant to IDI, with no earmarking between the INTOSAI-Donor Cooperation and other IDI activities.

The World Bank has provided support to theme 3 (SAI PMF) as part of its ISSAI Implementation Initiative grant, which is covered by separate reporting arrangements. A further grant was provided to cover reimbursable costs of a SAI PMF training course delivered at the country level in Haiti. The Office of the Auditor General of Norway (OAGN) provides a rolling 12 month secondee under an informal arrangement, and the TCU Brazil provides one staff member on a half-time basis under a memorandum of understanding between IDI and the TCU. During 2014, the support from the TCU was extended to cover the period to the end of 2016. There are no formal reporting requirements under these arrangements.

Other in-kind support (e.g. translations, hosting workshops, providing facilitators, participating in task teams) was received during 2014 from the SAIs of: Bhutan, Brazil, Cook Islands, Costa Rica, Cyprus, Fiji, France, India, Iraq, Mexico, Morocco, Nepal, Norway, Palestine, Russia, Saudi Arabia, South Africa, Sweden, Tunisia and the UK; from the INTOSAI regional bodies ARABOSAI, PASAI and OLACEFS; and from USAID, the World Bank, and Canadian Comprehensive Audit Foundation.

The Program Contract stipulates that there will be an Annual Donor Meeting in order to discuss the progress of the program and the cooperation between the funding Donors. Wherever possible, the Annual Donor Meeting should be organized together with the regular SC Meetings. The 2014 Annual

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<sup>5</sup> Accountable Grant Arrangement for International Capacity Building for Supreme Audit Institutions, which also provides support to the INTOSAI Capacity Building Committee through the IDI

<sup>6</sup> The contractual agreements between IDI and DFID are therefore determined by the existing grant agreement which may differ from the Program Contract signed with the other donors. To resolve this, a new Annex 6 was added to the PD, to include extracts from the Program Contract, in order to align Planning, Budgeting, Reporting and Evaluation requirements.

meeting was held on 17th October 2014, in connection with the 7<sup>th</sup> SC meeting in Paris, and attended by IDI, NORAD, Irish Aid, SECO and DFID<sup>7</sup>.

Section 6 of the Program Contract outlines the reporting requirements, consisting of an annual narrative report, accompanied by IDI's audited financial statements, IDI's ordinary annual financial audit report and any management letters provided by the auditor. These documents are to be submitted to the Donors by 31 May each year.

Paragraph 6.3.2 states that the narrative report shall include the following:

- An assessment of the progress of the implementation of the programme, including achieved results (output and outcome), compared to the Agreed Programme Summary,
- an explanation of major deviations from the plan (if applicable),
- an assessment of the management of internal or external risks to the Project that may affect the success of the Project,
- an assessment of the need for adjustments to agreed plans, including actions for risk mitigation,
- a brief summary of the use of funds compared to budget.

The following constitutes the performance and financial report for 2014. There are five annexes to the report, namely: Annex A: INTOSAI-Donor Cooperation Logframe, as at 31 December, 2014; Annex B: Financial Statements IDI 2014 (English Translation & Signed Norwegian Original); Annex C: Financial Statements – Notes 2014 (English Translation); Annex D: Auditors Report 2014 (English Translation & Signed Norwegian Original); and Annex E: INTOSAI-Donor Cooperation Work Plan 2015.

## **1.5 INTOSAI-Donor Cooperation Governance Arrangements and Secretariat Staffing**

The MoU establishes the governance structure of the Cooperation, consisting of the SC as the decision making body, assisted by the Secretariat that provides administrative support. The inaugural SC Meeting in 2010 decided to locate the Secretariat as an integral part of the INTOSAI Development Initiative (IDI) in Oslo, Norway. The full governance arrangements for the INTOSAI-Donor Cooperation are articulated in the PD. The following summarises the functioning of the main governance bodies during 2014.

### **Steering Committee**

The SC held its 7<sup>th</sup> meeting on 16-17<sup>th</sup> September 2014 in Paris, hosted by the French Cour des Comptes. The meeting reviewed progress against the 2014 work program, made decisions on key agenda items, and approved the work plan for 2015. The key summary points and press release from the meeting are available at <http://www.idi.no/artikkel.aspx?Mid1=146&Aid=1083>. In addition, there was a full SC meeting by teleconference on 23<sup>rd</sup> June 2014, to discuss progress on the Global Call for Proposals and the Evaluation of the INTOSAI-Donor Cooperation.

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<sup>7</sup> ADA (Austria) sent their apologies.

### Steering Committee Leadership

The SC leadership comprises the INTOSAI and Donor chairs and vice chairs of the SC, supported by the Secretariat. It provides strategic direction and interim decision making on behalf of the SC between SC meetings. During 2014 it met by teleconference five times, approximately every second month except when there was a full SC meeting (February, April, June, October and December). Summaries of the SC leadership teleconferences were shared with the IDI Board and donors to the Secretariat, as per the agreed governance arrangements.

### INTOSAI-Donor Secretariat

The Secretariat is a department within IDI, whose financial activities are separately identifiable within IDI's financial statements, in order to meet donor requirements in the Program Contract. During 2014 the Secretariat was staffed as follows:

Position	No. Months	No. FTE	Title	Comments
1	12	1	Deputy Director General & Head of the INTOSAI-Donor Secretariat	Salary costs covered by the INTOSAI-Donor Secretariat budget.
1	11 (Jan-May & July-Dec)	0.92	Advisor (International)	Salary costs covered by the INTOSAI-Donor Secretariat budget.
1	4 (Sep-Dec)	0.25	Advisor (Norwegian)	Salary costs covered by the INTOSAI-Donor Secretariat budget.
1	3 (Jan-Mar)	0.33	Advisor (Norwegian)	Salary costs covered by the INTOSAI-Donor Secretariat budget.
1	12	1	Program Coordinator	Salary costs covered by the INTOSAI-Donor Secretariat budget.
1	12	1	Advisor (OAGN secondee)	Salary costs covered by the Office of the Auditor General of Norway.
<b>TOTAL</b>		<b>4.5</b>		

Over the year, the average staffing level was 3.5 technical staff and one program coordinator, against a plan of 4.5 technical staff. Of this, 3.5 positions were financed from the Secretariat's budget and one position was funded by the Office of the Auditor General of Norway, on a rolling one year secondment. Under an MoU, TCU Brazil provides a pool of staff for support to SAI PMF, mainly but not exclusively in OLACEFS, equivalent to 0.5 FTE. In addition, the Secretariat benefits from the support services provided by IDI's administration department, and pays a fair share of the costs of IDI's administration and overheads<sup>8</sup>.

<sup>8</sup> During 2014, 19% of IDI's support staff costs and IT costs were charged to the Secretariat, reflecting the ratio of Secretariat staff to IDI program staff. Also, 23% of IDI's pension costs, Oslo rent and Oslo operating costs were charged to the Secretariat, reflecting the ratio of Oslo based Secretariat staff to Oslo based IDI program staff.

During 2014, the Secretariat faced a combination of staff new to the work of the Secretariat, turnover, and medical absence. As always, the OAGN secondee left in December and a new secondee started in January. A program coordinator was also hired in January, to assist with event organisation, database administration, website design and similar tasks. The former head of the Secretariat moved to become Director General of IDI, and one of the advisors took on the role of Head of the Secretariat, first on an acting basis, then permanently from June. Another advisor left on maternity leave at the end of March. Between April and September, the Secretariat was staffed with a Head and one advisor, as well as a secondee and a coordinator (both new to the work of the Secretariat), against an establishment of 4.5 advisors. In June, the remaining advisor went on medical leave. In response, the Secretariat undertook a prioritisation and delivery review, putting some low priority activities on hold (see section 2.4.5), and making use of consultancy support in other areas. These circumstances also contributed to the delays in the finalisation of the Global Survey report (see section 2.4.7).

For 2015, the Secretariat expected to be staffed with a head, 3 advisors (including secondee) and a coordinator from January. In addition, one advisor returned from outward secondment to the World Bank in March. However, one advisor missed the first quarter on medical leave and there remains uncertainty regarding their return date. The Secretariat is exploring the possibility of hiring an additional staff member on a one year contract to fill this gap, with any additional costs to be born by IDI. All current staff, except the head, are contracted to the end of the program, 31 December 2015, pending decisions on the future of the Cooperation and Secretariat beyond the current program phase.

## 2. INTOSAI-Donor Cooperation Performance Report, 2014

### 2.1 Levels of Results Reporting

The INTOSAI-Donor Cooperation exists to achieve the objectives of the MoU between the INTOSAI and the donor communities, namely to improve the performance of SAIs in developing countries, through scaled-up and more effective support provided by the INTOSAI and donor communities. Carrying out this work will help towards the goal of making the lives of citizens better in all developing countries through improving Public Financial Management, strengthening fiscal accountability and transparency, contributing to better public sector governance, and tackling corruption.

It is the responsibility of SAIs in developing countries to continuously improve their performance. The Cooperation contributes to and facilitates these efforts. Even though SAI performance may not be solely and directly attributable to the work of the Cooperation, it is essential to measure and monitor against the program purpose.

The expected results attributable to the Cooperation are at the initial outcome level, grouped under the following areas.

- i. Effective capacity development initiatives for better SAI performance
- ii. Effective support to INTOSAI regions
- iii. Stronger INTOSAI knowledge networks and communities
- iv. Global public goods developed and disseminated
- v. Scaled-up and more effective support

These are longer term results, with the first target milestone for the Cooperation being at the end of 2014. The main monitoring of performance of the Cooperation is structured according to the seven themes of the PD, utilising indicators from the Cooperation Logframe, and progress against the annual work plan.

Therefore the INTOSAI-Donor Cooperation performance reporting is at three levels:

- (i). **Reporting against the program purpose** (high-level outcomes in the results framework): has performance of SAIs in developing countries improved?
- (ii). **Reporting against expected results attributable to the Cooperation** (initial outcomes in the results framework): has the INTOSAI-Donor Cooperation improved the effectiveness and increased the volume of capacity development support to SAIs in developing countries?
- (iii). **Reporting progress against the work program themes** (outputs in the results framework and progress against the 2014 work plan): were the planned outputs and activities of the INTOSAI-Donor Cooperation for 2014 achieved?

## 2.2 Reporting Against Program Purpose: Improved SAI Performance in Developing Countries

The following summarises performance against the three high level indicators in the Logframe, as well as additional data collected in 2014 relating to global SAI performance. A more detailed analysis of global SAI performance is available in the report ‘SAI Performance – 2014 Stocktaking’.

Comparing available PEFA data from 2010 to 2014 demonstrates that there has been an increase in the level of performance amongst SAIs in developing countries. Specifically, it shows an increase in the proportion of countries scoring a C or higher on their latest PEFA PI-26 indicator, from 38% to 47%, meaning all the following conditions are in place in relation to the external audit system:

- Central government entities representing at least 50% of total expenditure are audited annually
- Audits identify significant issues
- There is some disclosure regarding the nature of the audit standards used
- Audit reports are submitted to the legislature within 12 months of the end of the period covered (and for financial audits, within 12 months from the receipt of financial statements by the SAI)
- A formal response is made (by the executive) to audit reports (though it may be delayed or not very thorough)

High-Level Outcome Indicator: H1	Baseline 2010	Milestone 1 2014	Milestone 2 2016	Target 2018	Progress
Percentage of SAIs in developing countries (for which a PEFA assessment is available) scoring a C or higher on PEFA PI-26 ‘Scope, Nature and Follow-up of External Audit’	LDC & LI = 26% LMI = 33% UMI = 60%	LDC & LI = 30% LMI = 40% UMI = 70%	LDC & LI = 40% LMI = 50% UMI = 80%	LDC & LI = 50% LMI = 60% UMI = 90%	2014 milestones reached in low income and lower-middle income countries, but small decline in UMI due to changing population.
	<b>Achieved:</b>	LDC & LI = 38% LMI = 47% UMI = 56%			
	<b>Source: INTOSAI-Donor Secretariat review of latest indicator scores on the full PEFA database (including unpublished assessments)</b>				

The PEFA data shows that a performance increase is observed in all developing countries as a whole. It also shows a link between income level and SAI performance, with the wealthier country groups more likely to score a C or higher. Looking at results by income classification, above, there appears to be a decline in the percentage of upper-middle income countries scoring C or higher. Closer examination of the data shows that this is due to changes in population for which a PEFA assessment was available, rather than a decrease in performance of countries that were included in the 2010 dataset. Of the 14 new countries, 10 received a total score of D or D+ on PI-26. Three of the countries that were included in the 2010 dataset have increased their score by a whole grade or more in their repeat assessments, while only one has decreased.

The data also shows a performance increase from 2010 to 2014 for low income and lower-middle income countries. Closer examination of the underlying data demonstrates that the performance increase amongst lower middle income countries is attributable to both increased population size with a majority of the new countries having a score C or higher, and increased performance amongst some of the countries that were included in the 2010 dataset. The performance increase amongst low income countries is attributable to performance improvements in repeat assessments amongst countries that were included in the 2010 data.

These broad trends on PEFA-PI 26 are followed when examining the three dimensions that make up PI-26, as shown below. Further analysis by income classification shows the same trends: improvements on all dimensions and in all income groups, except dimensions (ii) and (iii) in upper-middle income countries, which is a result of changing populations.

Dimension	Year	Population	% A	% B	% C	% D
(i) Scope/nature of audit performed (including adherence to auditing standards)	2010	81	7	31	26	36
	2014	119	10	30	38	22
(ii) Timeliness of submission of audit reports to legislature	2010	80	14	25	20	41
	2014	118	28	27	13	32
(iii) Evidence of follow up on audit recommendations	2010	81	11	27	27	35
	2014	123	15	28	30	27

Finally, Using the full PEFA data set (including unpublished results), containing assessment results from 2005-14, there are now 70 countries for which there has been a repeat PEFA assessment in which PI-26 has been scored. Analysing the changes in the scores between the latest assessment and the previous assessment gives the following aggregate results.<sup>9</sup> This shows an overwhelming global improvement in SAI performance on all dimensions of PEFA PI-26.

PI-26 Scope, nature and follow-up of external audit	Number of repeat assessments (n)	Number of scores increasing	Number of scores decreasing	Net number of scores increasing	% Scores increasing	% Scores decreasing	% Net scores increasing
<b>Overall score</b>	<b>70</b>	<b>33</b>	<b>7</b>	<b>26</b>	<b>47 %</b>	<b>10 %</b>	<b>37 %</b>
(i) Scope/nature of audit performed (incl. adherence to auditing standards)	66	25	7	18	38 %	11 %	27 %
(ii) Timeliness of submission of audit reports to legislature	67	25	8	17	37 %	12 %	25 %
(iii) Evidence of follow up on audit recommendations	67	18	9	9	27 %	13 %	13 %

<sup>9</sup> Note that the assessment points for individual countries are determined by when the PEFA assessment were performed in that country. Therefore these results show only the overall direction of change during 2005-14. Some changes will therefore relate entirely to the period 2005-10 prior to establishment of the Cooperation. Some changes relate to periods overlapping with the set up of the Cooperation (e.g. 2008-2010), and others may relate to periods since the Cooperation was set up (e.g. 2010-14).

Timely Issuance of Annual Audit Reports

The figures below examine SAI’s issuance of their annual audit reports within the established legal time frame, based on the results response to the IDI Global Survey 2014 and IDI Stocktaking 2010 (excluding those answering “other”). A smaller number of SAIs responded to this question in 2014 than in 2010 – the population decreased from 105 to 88. While the population has changed, 79 SAIs responded to this question in both years.

High-Level Outcome Indicator: H2	Baseline 2010 <sup>10</sup>	Milestone 1 2014	Milestone 2 2016	Target 2018	Progress
Percentage of SAIs in developing countries that issue their annual audit reports within the established legal time frame	LDC & LI = 70% LMI = 77% UMI = 80%	LDC & LI = 70% LMI = 80% UMI = 80%	LDC & LI = 75% LMI = 85% UMI = 85%	LDC & LI = 80% LMI = 90% UMI = 90%	2014 milestones reached in LMIs & UMIs, but poor performance and significant decline in low income countries.
	<b>Achieved:</b>	LDC & LI = 57% LMI = 83% UMI = 84%			
	<b>Source: IDI Global Survey</b>				

The results indicate a performance decrease in low income countries, and a performance increase in lower-middle income countries and upper middle income countries. Deeper analysis reveals the performance decrease in low income countries is attributable to reported performance decrease amongst respondents to the survey, rather than to changes in the population. Four SAIs in this group reported that they no longer issued their report on time, while only one SAI reported it had started doing so. Further, that almost half of SAIs in low income countries report that they do not issue their annual reports within the established legal time frame is a matter of concern. Considerable effort is required, at a country level, to understand the reasons for this, and support appropriate action by all stakeholders.

The performance increase in the group of SAIs in lower middle income countries is attributable to changes in the population that have responded to the question in 2010 and 2014. Once population change is accounted for, there is no net change in performance among this group. Amongst upper-middle income countries, the increase in performance reflects positive developments in two countries.

Publication of External Audit Reports

PEFA Indicator 10, criterion (iv) measures if a SAI’s external audit reports on central government consolidated operations are made available to the public through appropriate means within six months of completed audit. The data is based on publicly available PEFA assessments.<sup>11</sup>

<sup>10</sup> Note that these baseline figures have been updated, as analysis of the 2014 Global Survey data and comparison to 2010 revealed that the original 2010 baseline figures were calculated by including those SAIs that answered ‘other’ in the denominator. As ‘other’ is ambiguous – and could indicate that no legal time frame exists – it is thought better to exclude ‘other’ from the calculation.

<sup>11</sup> Data has been extracted from the PEFA Portal <http://www.pefa.org/en/dashboard>

High-Level Outcome Indicator: H3	Baseline 2012	Milestone 1 2014	Milestone 2 2016	Target 2018	Progress
Percentage of SAIs in developing countries (for which a PEFA assessment is publicly available) in which all external audit reports on central government consolidated operations are made available to the public through appropriate means within six months of completed audit.	LDC & LI = 35% LMI = 62% UMI = 78%	LDC & LI = 40% LMI = 70% UMI = 80%	LDC & LI = 50% LMI = 75% UMI = 85%	LDC & LI = 60% LMI = 80% UMI = 90%	On, or marginally below, the 2014 milestone in low and lower-middle income. No increase in UMI.
	<b>Achieved:</b>	LDC & LI = 39% LMI = 70% UMI = 77%			
	<b>Source: INTOSAI-Donor Secretariat review of latest published PEFA reports (PEFA PI-10, criteria (iv))</b>				

Overall performance on this indicator has increased from 53% to 57%, with increases in line with milestones in low and lower-middle income countries, but no change in upper middle-income countries. Closer examination shows that the performance increases are attributable to both increased performance by a few countries and population changes. Since 2012, four countries have begun publishing their audit reports within six months of completed audit: Afghanistan, Liberia, Pakistan and Palestine. The data shows an overall decline of one percentage point amongst upper-middle income. However, closer examination of the data shows that this is due to an overall population increase, and there is no net change once the population is held constant.

It is notable that less than half of low income countries publish their principal external audit report in a timely manner. Non-publication of audit reports is usually (though not always) a result of inadequate legal framework which empowers and requires the SAI to publish its reports, and/or interference from external agents which prevents or dissuades the SAI from publishing. Clearly further work is needed in low income countries to create appropriate environments in which the SAI report can be published.

## 2.3 Reporting Against Expected Results: Scaled-up and More Effective Support

The following summarises results (at initial outcome level) and progress on efforts to scale-up and improve effectiveness of support to SAIs, according to the five initial outcomes in the results framework.

### 2.3.1 Effective Capacity Development Initiatives for Better SAI Performance

Regarding initiatives taken forward under the Cooperation, specifically projects from the initial round of matching in 2010 and the 2011 Global Call, data was collected through a short survey in early 2015<sup>12</sup>. Of around thirty projects taken forward, responses were received from only 13 projects, of which seven

<sup>12</sup> Even this survey date was very early to see evaluation results of many of the projects, as most GCP projects are still ongoing.

were completed or near completion. Of these seven, only four had been subject to an evaluation. However, all four evaluations concluded that the project had fully or substantially met its overall purpose.

### **2.3.2 Effective Support to INTOSAI Regions**

The Cooperation has been successful in supporting and strengthening the INTOSAI regional and sub-regional bodies. The initial matching of proposals in 2010 and the 2011 global call both led to significant support for the INTOSAI regions, so that all the regions except CAROSAI and EUROSAI currently have external support for their core functions to enable delivery of capacity development initiatives. EUROSAI operates rather as a network for sharing information and has not sought external support.

The Cooperation has specifically sought to strengthen the skills of the regions in two areas: SAI PMF and developing needs based funding applications. All eight regions/sub-regions now have at least one SAI PMF trained trainer, five regions have staff who have already delivered SAI PMF training, and all eight regions have at least three SAI PMF assessors. Training on developing needs based funding applications was offered to all regions in 2013 as part of the launch of the Global Call, and based on demand, delivered in ARABOSAI, CREFIAF and OLACEFS. Similar training will be offered, again on demand, with the planned launch of the 2015 global call for proposals, in late 2015. The Secretariat plans to use regional staff who have benefitted from previous training and gained experience drafting proposals in delivery of the future training.

### **2.3.3 Stronger INTOSAI Knowledge Networks and Communities**

The PD identifies three main knowledge networks to be established under the Cooperation: SAI PMF, developing needs based funding applications, and the Supply Side Community of Practice. The SAI PMF network had over 550 members including 37 who had also delivered the training by the end of 2014. A SAI PMF community portal was launched in December 2014 to better enable this community to interact and share experiences. The network on developing needs based funding applications had over 70 participants by the end of 2013, many of whom have been further developing their skills through drafting concept notes under the global call for proposals.

The supply side community of practice was not established, following decision at the 6<sup>th</sup> SC meeting.

In addition, 2014 saw the launch of 'Working with Supreme Audit Institutions' - a learning event for international development agency staff. By the end of 2014, over 60 staff from development agencies had participated in courses in Washington, Abu Dhabi and Cairo. This is the beginning of a network of development agency staff with a greater understanding of the role of SAIs, and approaches to supporting SAI capacity development.

### 2.3.4 Global Public Goods Developed and Disseminated

The Secretariat’s main work in this area has been development and dissemination of the SAI PMF, with the pilot version being approved and published in July 2013. Dissemination activities continued through 2014, with nine courses across the world, as well as numerous shorter awareness raising activities.

Work on another global public good, guidance on better evaluations of SAI capacity development projects, also commenced in 2014. The Secretariat decided to sequence this work after completion of the report ‘Synthesis of Evaluations of SAI Capacity Development Programs’, which provides many useful inputs into this public good. The Synthesis report was disseminated at the Paris Steering Committee meeting, and published shortly after. The guidance on better evaluations will be issued as a working draft during 2015, and the Secretariat will then look for opportunities to pilot and improve the guidance.

Members of the Cooperation have led or supported several other global public goods which have been published during 2014, including:

- Supreme Audit Institutions and Stakeholder Engagement Practices: A Stock Taking Report (Effective Institutions Platform)
- Exploring Results of SAI Reforms (Inter American Development Bank).

### 2.3.5 Scaled-up and more effective support

#### Volumes of Support

Outcome Indicator I5.1	Baseline 2012	Milestone 1 2014	Milestone 2 2016	Target 2018	Progress
Moving three year average annual financial support for the benefit of SAIs in ODA eligible countries	US \$54 million	US \$55 million	US \$70 million	US \$80 million	2014 milestone exceeded. Note: 2012 baseline revised due to updated information from Database
	<b>Achieved:</b>	US \$ 62 million			
	<b>Source: Secretariat calculations extracted from SAI Capacity Development Database</b>				

The Cooperation is intended to lead to scaling-up support for SAI capacity development. To ensure this is happening, rather than the same funds being channelled differently, the Secretariat makes use of the SAI Capacity Development Database to monitor the total global value of capacity development support for SAIs. This has increased from US \$54 million in 2012 to \$62 million in 2014.

The SAI Capacity Development Fund (SAI CDF) is also intended to contribute to this scaling-up. In April 2014, it was launched with a contribution from SECO of 5 million Swiss Francs (around US \$5.6 million) and initial disbursement of 1 million Swiss Franc. The SAI CDF Funding Board approved the first two projects from the SAI CDF, for the benefit of the SAIs of Gabon (US \$350 000) and Georgia (US \$500 000).

SAI-led Strategies and Coordination and Alignment of Support

Outcome Indicator 15.4	Baseline 2010	Milestone 1 2014	Milestone 2 2016	Target 2018	Progress
Percentage of SAIs with a strategic plan and development action / operational plan currently in place	<b>Strategic Plan:</b> LDC & LI = 63% LMI = 84% UMI = 71%  <b>Development Action Plan:</b> LDC & LI = 38% LMI = 62% UMI = 53%	<b>Strategic Plan:</b> LDC & LI = 70% LMI = 90% UMI = 80%  <b>Development Action Plan:</b> LDC & LI = 45% LMI = 65% UMI = 60%	<b>Strategic Plan:</b> LDC & LI = 80% LMI = 90% UMI = 80%  <b>Development Action Plan:</b> LDC & LI = 60% LMI = 75% UMI = 75%	<b>Strategic Plan:</b> LDC & LI = 90% LMI = 90% UMI = 90%  <b>Development Action Plan:</b> LDC & LI = 75% LMI = 90% UMI = 90%	2018 targets already achieved for strategic plans and development action plans in all income groups.
	<b>Achieved:</b>	<b>Strategic Plan:</b> LDC & LI = 98% LMI = 89% UMI = 95%  <b>Development Action Plan:</b> LDC & LI = 88% LMI = 100% UMI = 98%			
	<b>Source: IDI Global Survey</b>				

SAI-led strategic plans and development action plans are essential for effective capacity development, and a key principle of the Cooperation. This has been a priority of the Cooperation since signing of the MoU, and the subject of a number of IDI programs, including those prioritised from the first round of matching in 2010. This indicator is approaching 100% in some areas, with just a few countries in CREFIAF and some new SAIs, such as Tajikistan, not yet having strategic plans in place.

The Cooperation also seeks to ensure support for SAI capacity development is aligned behind country-led plans, and coordinated among donors. The SAI capacity development database was established to make such coordination easier through better sharing of information, and these principles are firmly embedded in the global call for proposals. Responses from the 2014 Global Survey suggest that (for responding SAIs) in over 90% of countries, all support is aligned with the SAI’s strategic plan. While this is encouraging, it is important that such survey data is triangulated with independent assessments, and this will be further examined in the forthcoming Evaluation of the INTOSAI-Donor Cooperation.

The Global Survey raises a concern regarding coordination among donors. 65% of the SAIs who responded to the Survey’s question on this topic, and who confirmed they were in receipt of capacity development support, reported that there was no overall donor coordination group in which all those providing support participated. The figures below show the vast differences in responses between INTOSAI regions.

TOTAL	AFROSAI-E	ARABOSAI	ASOSAI	CAROSAI	CREFIAP	EUROSAI	OLACEFS	PASAI
35%	67%	100%	0%	8%	0%	33%	50%	44%

This is a concern because it is a core principle of the INTOSAI-Donor MoU. Further, the Survey found a positive link between the existence of a coordination group and the likelihood of capacity development initiatives being successful. Whether this suggests coordination leads to successful capacity development, or that stronger SAIs are more effective at both coordinating the support they receive and implementing successful capacity development initiatives, requires further country-level study.<sup>13</sup> This may identify whether there is indeed no relevant donor coordination group, or whether there is another explanation, e.g. a donor coordination group does exist but either the SAI or some significant providers of support do not participate, or there is only a single provider of support.

Better Design, Monitoring and Evaluation of Support

The training for donors on working with SAIs is intended to contribute to better design of SAI capacity development projects. This was delivered three times in 2014, to over 70 donor staff and consultants, and rated as successful by participants on each occasion.

The program document also foresaw a mechanism whereby the Secretariat could facilitate use of peer review at program design phase to strengthen the design of projects. Despite making it known that such a service was available, the Secretariat did not received any such requests in 2014. However, two such requests were received in early 2015. The Secretariat will trial this service based on the requests received in 2015, and subject to resources, consider providing a mechanism for this service through the updated IDI website.

The SAI PMF is now being used by a number of SAIs to develop indicators for capacity development projects, set baselines and measure improvement. This will provide a better basis for both monitoring and evaluation of support.

Regarding initiatives taken forward under the Cooperation, specifically projects from the initial round of matching in 2010 and the 2011 Global Call, data was collected through a short survey in early 2015. Survey response rates were quite poor, with only 13 responses compared to over 30 projects, and five of the thirteen responses came from IDI. But results were encouraging: 69% of projects had results frameworks with indicators, baselines and targets, while 75% of large projects (over \$500,000) which had been completed or were near to completion, had a formal evaluation covering whether the project achieved its purpose. It was also encouraging to note that all the evaluations, the majority of which were external evaluations, concluded that the project had fully or substantially achieved its purpose.

Continually Improving Providers of Support

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<sup>13</sup> The forthcoming Evaluation of the INTOSAI-Donor Cooperation is expected to examine country level evidence on such aid effectiveness issues.

Scaling-up support, improving ownership, alignment and harmonisation, and improving the design of support will only be effective in enhancing SAI performance if the quality of support provided is satisfactory. The PD proposes efforts to enhance the provision of support to SAIs, noting common deficiencies in the current provision of support. In accordance with the decision at the 6<sup>th</sup> SC meeting, no activities were taken forward in this area during 2013, and the topic was given low priority and not taken forward during 2014.

It has recently been observed that a number of providers of support are doing so not ‘in accordance with the ISSAIs’. IDI is considering an ad hoc support initiative to ensure providers are aware of and competent in relation to the ISSAIs.

## 2.4 Reporting Progress against the Work Program Themes

The INTOSAI-Donor Cooperation Logframe is included as Annex A, updated to show actual achievement against milestones as at 31 December 2014. Selected extracts from the Logframe are shown under each theme below, but for comprehensive monitoring against all expected results, please refer to the Logframe.

The 2014 work plan was adopted at the 6th INTOSAI-Donor Steering Committee Meeting, Beijing, October 2013, showing planned activities by theme. Progress against the work plan activities by the end of 2014 is shown under each theme below. The 2015 work plan was discussed at the 7<sup>th</sup> SC meeting in Paris and approved thereafter. It is attached as Annex E.

### 2.4.1 Theme 1: INTOSAI-Donor Cooperation Management

Output Indicator O1.2	Baseline 2012	Milestone 1 2013	Milestone 2 2014	Target 2015	Progress
No. of quarterly news letters issued per year	4	4	4	4	Milestone achieved
	<b>Achieved:</b>	4	4		
	<b>Source: Quarterly newsletters</b>				

No.	Theme and Task	Priority for 2014	Responsibility	Progress
1	INTOSAI-Donor Cooperation Management			
1.1	Facilitate SC meeting and SC leadership teleconferences	High	Secretariat	Completed
1.2	Communication and outreach on INTOSAI-Donor Cooperation (including newsletters)	High	Secretariat	Completed

The Secretariat facilitated the 7<sup>th</sup> Steering Committee meeting in Paris, 17-18<sup>th</sup> September, attended by around 70 participants, as well as five teleconferences of the SC leadership throughout the year.

In addition to issuing four quarterly newsletters on the INTOSAI-Donor Cooperation during 2014, Secretariat staff presented at the following global & regional conferences: Connecting Voices, Commonwealth Auditors General meeting, the Effective Institutions Platform Workshop on SAIs and Citizen Engagement, and a global brown bag lunch for World Bank staff in Washington. The Secretariat also visited key stakeholders in Washington during March 2014, to present the work of the Cooperation to the World Bank, Inter-American Development Bank, and USAID.

## 2.4.2 Theme 2: Funding Mechanisms and Project Identification

Output Indicator O2.2	Baseline 2012	Milestone 1 2013	Milestone 2 2014	Target 2015	Progress
Percentage of requests for proposal reviews from applicants met by the Secretariat	100%	N/A	90%	N/A	Milestone achieved.
	<b>Achieved:</b>	N/A	100%	N/A	
	<b>Source: Progress reports on the global call for proposals</b>				

No.	Theme and Task	Priority for 2013	Responsibility	Progress
2	Funding Mechanisms and Project Identification			
2.1	Prepare and submit draft concept notes for GCP	High	INTOSAI applicants	Completed - 47 received
2.2	Feedback on draft concept notes	High	Secretariat	Completed on all 47
2.3	Prepare and submit final concept notes	High	INTOSAI applicants	Completed - 47 received
2.4	Translated concept notes shared with donors and SAI providers of support	High	Secretariat	Completed
2.5	Donors and SAI providers of support express initial interest in concept notes	High	Donors and SAI providers of support	Completed – 36 expressions of interest covering 25/47 concept notes
2.6	Develop full proposals and match to funding	High	INTOSAI applicants, World Bank, Secretariat	In progress
2.7	Secure pledges for and establish SAI Capacity Development Fund	High	Donors, World Bank and Secretariat	SAI CDF launched. Further pledges still sought.
2.8	Reporting on progress under GCP11	High	Secretariat	Completed

The 2013 Global Call was launched at INTOSAI Congress in October 2013, and 47 draft applications were received by the first deadline of 31 January 2015. The Secretariat, with in-kind support from SAI Norway and SAI Sweden, reviewed and provided feedback on all draft proposals. By end of March, the Secretariat had received 47 final applications, which were summarised, entered into the Database, and a summary report was shared with SC members. Indicative interest in proposals from providers was announced at a SC teleconference in June, and further confirmed at the Paris SC meeting. By the year end, 36 expressions of interest had been received, covering 25 of the 47 proposals (53%). The Secretariat encouraged providers and applicants to work together to turn these into concrete support initiatives,

provided coordination support where there were multiple expressions of interest, and has offered further assistance upon request. Progress in developing full proposals and launching new initiatives will be monitored through 2015 using the Database, and reported at the October SC meeting in Brazil.

The SAI CDF was officially launched in April 2015, with funding of five million Swiss francs committed by SECO, and 1 million Swiss francs disbursed initially. A further 2 million Swiss Francs was disbursed in December. The Funding Board made its first grant approvals in September for projects supporting the SAIs of Gabon and Georgia, and two further projects have since been approved in principle, pending clarifications on the concept notes received. There are positive indications of additional donors planning to join during 2015, though no formal commitments.

A final report on the results of the 2011 Global Call for Proposals was presented at the Steering Committee meeting in Paris. 51% of all proposals received were supported in some form, including all regional proposals. Even now, seven proposals remain in dialogue with potential providers of support. A further two expressions of interest are stalled due to the country security or governance situation. The Secretariat undertook an exercise, together with the applicants, to ensure the unmet proposals were properly reflected in the database. 17 proposals were removed, 9 were retained due to ongoing interest, and 1 was refreshed and shared with potential providers of support.

### 2.4.3 Theme 3: SAI Performance Measurement Framework

Outcome Indicator I2.1	Baseline 2012	Milestone 1 2014	Milestone 2 2016	Target 2018	Progress
Number of INTOSAI regional / sub-regional bodies with access to the following number of staff / experts trained on SAI PMF: <ul style="list-style-type: none"> <li>• At least three trained SAI PMF assessors</li> <li>• At least one trained SAI PMF trainer</li> </ul> (IDI SP goals 1.2 and 3.2)	Regions with assessors: 0 Regions with trainers: 0	Regions with assessors: 6 Regions with trainers: 6	Regions with assessors: 8 Regions with trainers: 8	Regions with assessors: 8 Regions with trainers: 8	Milestone achieved.
	<b>Achieved</b>	Regions with assessors: 8 Regions with trainers: 8			
	<b>Source: Secretariat lists of trained SAI PMF trainers and assessors</b>				
Outcome Indicator I3.1	Baseline 2012	Milestone 1 2014	Milestone 2 2016	Target 2018	Progress
No. of people trained on the SAI PMF as assessors and trainers: <ul style="list-style-type: none"> <li>a) INTOSAI assessors</li> <li>b) INTOSAI trainers</li> <li>c) Donor assessors</li> <li>d) Donor trainers</li> <li>e) Consultant assessors</li> <li>f) Consultant trainers</li> </ul> (IDI SP goals 1.2 and 3.2)	Male & Female a) 0 & 0 b) 0 & 0 c) 0 & 0 d) 0 & 0 e) 0 & 0 f) 0 & 0	Male & Female a) 50 & 50 b) 2 & 2 c) 10 & 10 d) 2 & 2 e) 5 & 5 f) 2 & 2	Male & Female a) 75 & 75 b) 5 & 5 c) 20 & 20 d) 5 & 5 e) 10 & 10 f) 5 & 5	Male & Female a) 100 & 100 b) 5 & 5 c) 30 & 30 d) 5 & 5 e) 10 & 10 f) 5 & 5	2014 milestone over achieved in total, and every disaggregated figure achieved except number of
	<b>Achieved:</b>	Male & Female			

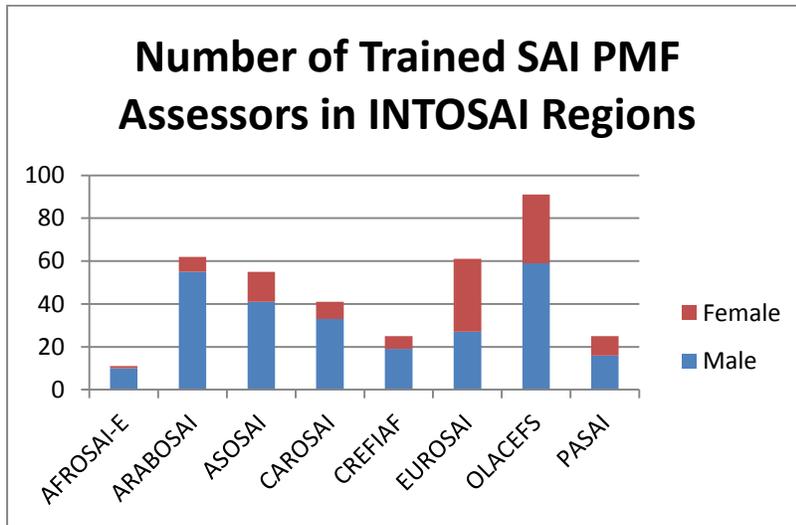
		a) 291 & 142 b) 16 & 11 c) 53 & 39 d) 2 & 3 e) 13 & 4 f) 3 & 2			consultant assessors (female).
Source: Secretariat lists of trained SAI PMF trainers and assessors					
<b>Outcome Indicator I4.1</b>	<b>Baseline 2012</b>	<b>Milestone 1 2014</b>	<b>Milestone 2 2016</b>	<b>Target 2018</b>	<b>Progress</b>
Development, dissemination and usage of versions of the SAI Performance Measurement Framework: <ul style="list-style-type: none"> <li>Status of development and dissemination of SAI PMF</li> <li>Number of countries in which the current version of SAI PMF has been piloted/applied (IDI SP goals 1.2 and 2.1)</li> </ul>	Version 2 published Pilots in 3 countries	Exposure draft published 20 pilots in total	Final SAI PMF approved by INTOSAI 30 pilots in total	Final SAI PMF applied in further 20 countries	Current progress suggests target of 20 (completed) pilots in total will be met during early 2015.
	<b>Achieved:</b>	Pilot version published. 22 new pilots approved. 14 pilots at least at draft report stage (all pilots)			
Source: Secretariat records of SAI PMF pilots					
<b>Output Indicator O3.2</b>	<b>Baseline 2012</b>	<b>Milestone 1 2013</b>	<b>Milestone 2 2014</b>	<b>Target 2015</b>	<b>Progress</b>
No. of regional training courses run for trainers and assessors	Not started	Training for assessors run in 8 regions One course run to train trainers	Training for assessors run in 4 regions	Training for assessors run in 4 regions	17 training courses in total, targeted to all regions except AFROSAI-E. Course in AFROSAI-E scheduled for November 2015.
	<b>Achieved:</b>	8 combined training courses for assessors & trainers run in 6 regions	7 combined training courses and 2 for assessors only, run in 7 regions		
Source: Secretariat annual progress reports					
<b>Output Indicator O3.3</b>	<b>Baseline 2012</b>	<b>Milestone 1 2013</b>	<b>Milestone 2 2014</b>	<b>Target 2015</b>	<b>Progress</b>
Support provided to SAI PMF pilot assessments from the Secretariat: <ul style="list-style-type: none"> <li>Percentage of ToRs reviewed</li> <li>Percentage of draft reports reviewed (IDI SP goal 2.1)</li> </ul>	ToRs: N/A Reports: N/A	ToRs: 50% Reports: 80%	ToRs: 70% Reports: 85%	ToRs: 80% Reports: 90%	Off-target. Secretariat reviews all ToRs and reports received, but many not shared.
	<b>Achieved:</b>	ToRs: 86% Reports: 80%	ToRs: 53% Reports: 36%		
Source: Secretariat annual progress reports					

No.	Theme and Task	Priority for 2014	Responsibility	Progress
3	SAI Performance Measurement Framework			
3.1	Regional training courses for assessors provided on demand	High	Secretariat & SAI PMF facilitators	Completed - 9 courses delivered during 2014.
3.2	Support and monitor progress of phase 2 pilots	High	Secretariat	In progress

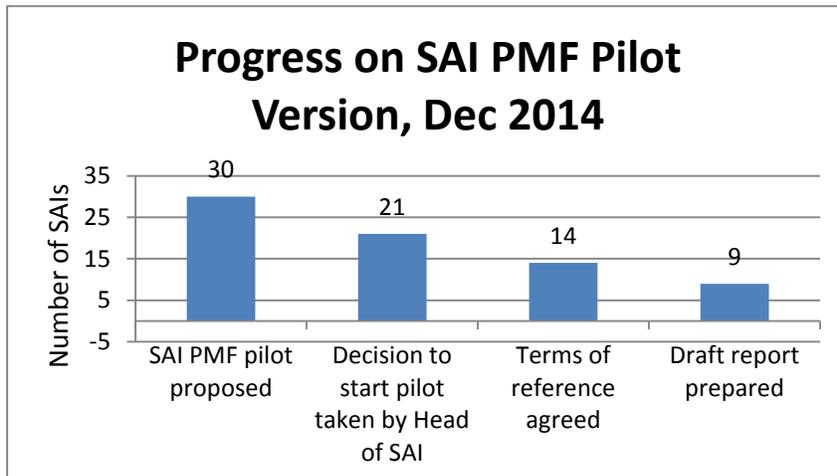
The SAI PMF pilot version was approved (for further piloting) by the WGVBS and published in July 2013. During 2014, nine courses were held in Bhutan, Saudi Arabia, USA (Washington), Fiji, Haiti, Norway, Brazil, Costa Rica and Egypt, delivered in English, Arabic, French, Portuguese and Spanish. These were held in 6 INTOSAI regions plus North America. However, participants attended from all regions. By December 2014, there were 551 people trained on SAI PMF, and 37 of these had delivered the training.

The roll-out progress, by region, is best illustrated by examining the number of trained SAI PMF assessors from INTOSAI bodies in each region, as shown below. Interest is greatest in the OLACEFS region, and lowest in AFROSAI-E and CREFIAF. This is similarly reflected in the number of pilots being conducted in each region. Regarding CREFIAF, while the training has not been delivered in a CREFIAF member country, all SAIs from CREFIAF were invited to send participants to a course run in Morocco in French in November 2013, as well as courses run in English in North Africa and Europe. The Secretariat has communicated to the CREFIAF Secretariat an offer to run a regional course in French hosted by a CREFIAF member on demand, at a suitable opportunity.

Regarding AFROSAI-E, it should be noted that AFROSAI-E members have for many years conducted both annual self assessments using the Institutional Capacity Building Framework (ICBF), as well as taking part in periodic QA peer reviews. AFROSAI-E's regional strategy is linked to the ICBF, and AFROSAI-E is taking gradual steps to align the ICBF and SAI PMF. To facilitate this, the AFROSAI-E Secretariat and the INTOSAI-Donor Secretariat will jointly deliver a SAI PMF training course for AFROSAI-E members in South Africa in November 2015. Until then, some AFROSAI-E member SAIs continue to send their staff to training courses held outside the region.



Regarding pilot assessments, as shown below, assessments (using the Pilot version) had been proposed by 30 SAIs by the end of 2014. Of these, nine had reached at least draft report stage. In addition, five other assessments have reached draft report stage using earlier versions of the SAI PMF, making 14 draft reports in total. The Secretariat had set a target of 20 draft reports by 31 March 2015, when the SAI PMF pilot phase was planned to end. Current indications are that close to 20 SAIs will have SAI PMF reports at draft report stage of further. However, what remains unclear is how many of those reports will be shared with the SAI PMF Task Team, and can therefore be used to make conclusions regarding the SAI PMF. The Secretariat is hosting a series of SAI PMF Knowledge Sharing workshops in ASOSAI, OLACEFS and EUROSAI to encourage wider sharing of SAI PMF reports.



The list of SAIs, as at 31 December 2015, where we believe the Head of the SAI has taken a decision to undertake a SAI PMF assessment, using the Pilot version<sup>14</sup>, along with the status of that assessment, is shown below.

SAI	Region	Decision by Head (21)	ToRs Agreed (14)	Draft Report (9)
Argentina	OLACEFS	X	X	X
Bangladesh	ASOSAI	X	X	X
Barbados	CAROSAI	X	X	X
Brazil	OLACEFS	X	X	X
Bhutan	ASOSAI	X	X	X
Costa Rica	OLACEFS	X	X	X
Mexico	OLACEFS	X	X	X
Nepal	ASOSAI	X	X	X
Palestine	ARABOSAI	X	X	X
Cuba	OLACEFS	X	X	
Dominican Republic	OLACEFS	X	X	
El Salvador	OLACEFS	X	X	
Ireland	EUROSAI	X	X	
Mozambique	AFROSAI-E	X	X	
Burkina Faso	CREFIAF	X		
Cook Islands	PASAI	X		
Cyprus	EUROSAI	X		
Czech Republic	EUROSAI	X		
Ecuador	OLACEFS	X		
Maldives	ASOSAI	X		
Paraguay	OLACEFS	X		

2014 saw the first SAI PMF assessment reports submitted to the Secretariat was QA review. The Secretariat developed and published a QA guide, as well as a checklist for review of SAI PMF terms of reference, and tested both of these. QA is essential for the credibility of SAI PMF assessment reports, and ultimately the tool itself, and therefore will be an important focus during 2015. In late 2014 the Secretariat piloted a training course on QA of SAI PMF assessments, which will be further rolled-out during 2015 to create a pool of potential QA reviewers. This event will be supplemented with further training on writing the SAI PMF assessment report, knowledge sharing on lessons from SAI PMF pilots, and the opportunity for SAIs to have their reports quality assured by the Secretariat or trained experts from peer SAIs. It is planned to host these events in OLACEFS, ASOSAI and EUROSAI in early 2015, being the three regions with the most ongoing SAI PMF pilots.

The Secretariat offers a QA service for SAI PMF, at terms of reference, draft and final report stage, to enhance the quality of assessments. A number of assessments have taken place without the Secretariat being asked to review either the ToRs (47%) or draft reports (64%). There may be legitimate reasons for this, such as self assessment reports only being available in a local language, and the time and cost of translation being prohibitive. Or, the SAI may believe that for the specific purpose of the assessment, an

<sup>14</sup> Djibouti, Guatemala, Norway, Sierra Leone and Slovak Republic completed assessments using earlier versions, and Latvia is currently applying an earlier version of the SAI PMF.

independent QA review is not necessary<sup>15</sup>. However, this is an area of concern for the Secretariat, and plans have been put in place to mitigate this risk, including the above QA and Knowledge Sharing workshops. It is also added as a new risk to the risk register in section 5, below.

In December 2014, the SAI PMF community portal was launched, to connect up over 500 SAI PMF trained assessors and others interested in SAI PMF, and allow this community to further exchange knowledge and experiences on SAI PMF. At the same time, the formal consultation on the SAI PMF Pilot version was launched, following INTOSAI due process for approval of audit standards.<sup>16</sup>

A document setting out the process and timetable for finalisation and approval of SAI PMF, at the INTOSAI Congress in 2016, was approved by the WGVBS in September. In addition, a more detailed SAI PMF progress report was presented at the WGVBS and INTOSAI-Donor Steering Committee meetings in September. Both are available from the Secretariat on request.

#### 2.4.4 Theme 4: Knowledge Centre on Support to SAIs

Output Indicator O4.2	Baseline 2012	Milestone 1 2013	Milestone 2 2014	Target 2015	Progress
Development and delivery of training for donor staff on working with SAIs (IDI SP goal 3.2)	Not started	Course developed & piloted once	Course refined and repeated once	Course delivered once	Milestone achieved.
	<b>Achieved:</b>	Course developed, pilot in Egypt delayed	Course delivered 3 times and refined based on feedback		
	<b>Source: Secretariat annual progress reports</b>				

No.	Theme and Task	Priority for 2014	Responsibility	Progress
4	Knowledge Centre on Support to SAIs			
4.1	Maintenance of SAI capacity development database	High	Secretariat	2 updates of the database in 2014
4.2	Disseminate public goods, support donor engagement with SAIs	Medium	Secretariat	Continuous
4.3	Represent INTOSAI in development fora	Medium	CBC Chair and Secretariat	<ul style="list-style-type: none"> <li>Attendance at Effective Institutions Platform meetings</li> <li>Led PEFA PI-26 update</li> </ul>
4.4	Training for donors on working with SAIs	Medium	Secretariat	

<sup>15</sup> The Secretariat's view is that an independent QA, covering whether the framework is properly applied and sufficient evidence included in the report to justify the findings, would add value to any SAI PMF assessment, regardless of the purpose.

<sup>16</sup> SAI PMF is not an ISSAI and is not obliged to follow this due process. However, it is being followed to the maximum extent possible, as INTOSAI due process represents an example of best practice for global consultation amongst a professional organization.

No.	Theme and Task	Priority for 2014	Responsibility	Progress
	<ul style="list-style-type: none"> <li>• Pilot training course delivered</li> <li>• Updated course outline to SC</li> <li>• E-learning version launched</li> </ul>			<ul style="list-style-type: none"> <li>• Completed</li> <li>• Completed</li> <li>• In progress</li> </ul>

The Secretariat continues to maintain the SAI capacity development database, and oversaw two updates of the database in 2014. The SAI capacity development database advisory committee met by teleconference in July 2014. In agreement with the CBC, henceforth it will meet on a needs basis, rather than annually. By end December 2014, the database held records of 319 SAI capacity development programs (included planned and proposed projects), and is used actively by SAIs and donors to improve the coordination of support to SAIs. It was also used to generate global data on levels and distribution of SAI Capacity Development support, for the 2014 Global Survey. Future updating of the database was discussed at the 7<sup>th</sup> SC meeting in Paris, and the Secretariat agreed to provide further guidance on updating the database, specifically regarding support to SAIs that is part of larger PFM projects, including those funded from Multi-donor Trust Funds.

Based on a decision by the INTOSAI Governing Board, the IDI, together with the Chair of the CBC, continues to serve as the focal point for INTOSAI’s engagement with the broader development community. Throughout 2014, CBC and IDI represented INTOSAI in the Effective Institutions Platform (EIP), including continuation on a stock take of citizen engagement in SAIs. In 2014 IDI also responded to numerous inquiries from the development community, for example presenting Brown Bag lunches for the World Bank. The Secretariat also assisted in the on-going update of the PEFA framework, leading on the revisions to PI-26 ‘Scope, Nature and Follow-up of External Audit’, and advising on other indicators related to SAI performance (PI-10 and the updated PI-23).

The learning event for international development agency staff ‘Working with Supreme Audit Institutions’ was piloted in Washington for a multi-donor group, kindly hosted by USAID. Evaluation results were very positive. The course has since been revised and further delivered in Abu Dhabi, for the World Bank, and Cairo, for a multi-donor group again hosted by USAID. An updated course outline and proposal for development of an e-learning version/complement was presented to the SC in Paris. Design of the e-learning version begin at the end of 2014, for possible piloting in 2015.

No work was undertaken in 2014 on developing the INTOSAI community of experts on engagement with donors and writing funding applications, as this activity is linked to the Global Call for Proposals, carried out every second year.

### 2.4.5 Theme 5: Strengthening the Supply of Support to SAIs

Output Indicator O5.3	Baseline 2012	Milestone 1 2013	Milestone 2 2014	Target 2015	Progress
Development and dissemination of guidance	Not started	ToRs approved and work	Guidance published	N/A	Put on hold while the

on evaluations of SAI capacity development initiatives (IDI SP goal 1.2)		started			Synthesis of Evaluations of Capacity Development Projects is completed
	<b>Achieved:</b>	ToRs approved and work started	ToRs approved and work started		
	<b>Source: Secretariat annual progress reports</b>				

No.	Theme and Task	Priority for 2014	Responsibility	Progress
5	Strengthening the Supply of Support to SAIs			
5.1	SAI supply side <ul style="list-style-type: none"> <li>Agreement on way forward with CBC</li> <li>Present challenges in SAI supply side to SC</li> </ul>	Low	Secretariat, CBC & others	<ul style="list-style-type: none"> <li>Not prioritised</li> <li>Not prioritised</li> </ul>
5.2	Develop guidance on better evaluations of SAI capacity development projects <ul style="list-style-type: none"> <li>Establish project structure &amp; agree approach</li> <li>Guidance drafted and ready for piloting</li> </ul>	Low	Secretariat, SAI Sweden & SAI Norway	<ul style="list-style-type: none"> <li>Completed</li> <li>On hold</li> </ul>

The Secretariat planned to engage in dialogue with the CBC with a view to proposing a possible way forward on the supply side activities, as well as presenting an analysis of challenges on the supply side at the 7th SC meeting. During 2014, South Africa became the new Chair of the CBC, with Sweden as vice-chair, and the CBC met in September to set out a new vision for the CBC. Dialogue with the CBC will continue, as the CBC more clearly identifies its priorities. The planned presentation on challenges in the SAI supply side, being a low priority activity, was put on hold due to staffing shortages in the Secretariat, as explained in section 1.5.

Regarding the guidance on better evaluations of SAI capacity development projects, a number of SC members expressed interest in participating as part of a reference group, but no SC members volunteered to be part of the team doing the work. The Secretariat therefore planned to lead this work, however it was deemed pertinent to complete the Synthesis of Evaluations of SAI Capacity Development projects (see section 2.4.7) first, as this provided much useful information on the strengths and weaknesses of existing evaluations. The Synthesis was completed in September, and the work on the Guidance commenced in the autumn, with a plan to produce and disseminate a draft Guidance paper during 2015, which could then be piloted and strengthened.

### 2.4.6 Theme 6: SAI Research Agenda

Output Indicator O6.2	Baseline 2012	Milestone 1 2013	Milestone 2 2014	Target 2015	Progress
Benchmarking report on SAI Funding Levels	Not started	Decision on approach and start work	Draft report submitted to SC	N/A	Work completed as planned.
	<b>Achieved:</b>	Included in Global Survey	Draft report submitted to SC		
	<b>Source: Secretariat annual progress reports</b>				

No.	Theme and Task	Priority for 2014	Responsibility	Progress
6	SAI Research Agenda			
6.1	Citizen engagement and SAIs: stock take	Low	OECD, SAI Brazil, SAI Chile, SAI South Africa	Completed
6.2	Benchmarking of SAI funding levels: Initial data analysis based on IDI Global Survey Results	Medium	Secretariat	Completed
6.3	Issue calls for, and manage, SAI research proposals	Low	Secretariat	SC decision at 7 <sup>th</sup> SC meeting NOT to issue formal call for research proposals

The paper on SAIs and citizen engagement<sup>17</sup> was published by the Effective Institutions Platform in September 2014, and launched at an EIP workshop on SAIs and Citizen Engagement in October. The EIP task team, including members of the Cooperation, are now working on a tool kit for SAIs on engagement with citizens.

Using data from the global survey, a paper benchmarking SAI funding levels was presented at the SC meeting. The paper identified a number of trends in the variable SAI Budget as a proportion of GNI, notably that SAI budget/GNI reduced as countries got larger, and reduced when moving from low income countries through to developed countries. The paper suggested that a more thorough econometric analysis taking into consideration other significant variables could be developed. This would allow identification of countries with similar characteristics, and valid comparisons of funding levels between similar countries (i.e. benchmarking clubs), as an advocacy tool for lobbying for sufficient funding for SAIs. However, the paper noted a number of challenges relating to data and methodology. The SC considered it wise to try piloting such an approach in one region first, before considering a wider application.

The Secretariat presented a paper on ‘Encouraging Research on Supreme Audit Institutions’ at the SC meeting in Paris, and asked whether regular calls for research proposals should be issued. Members agreed that research initiatives are needed, but it was necessary to elaborate on what value such research projects could add, before agreeing to support projects. Rather than a formal call for proposals, the SC encouraged members to suggest possible future research topics at the next SC meeting, for consideration by relevant bodies (INTOSAI working groups, regions, global development fora and development partners).

<sup>17</sup> Supreme Audit Institutions and Stakeholder Engagement Practices: A Stocktaking report, September 2014, [http://www.effectiveinstitutions.org/documentupload/Draft%20stock%20take%20report%20on%20SAIs%20and%20citizen%20engagement%20\(Consultation%20Draft\).pdf](http://www.effectiveinstitutions.org/documentupload/Draft%20stock%20take%20report%20on%20SAIs%20and%20citizen%20engagement%20(Consultation%20Draft).pdf)

### 2.4.7 Theme 7: Monitoring and Evaluation

Output Indicator O7.1	Baseline 2012	Milestone 1 2013	Milestone 2 2014	Target 2015	Progress
Update of 2010 INTOSAI Stocktaking report (IDI SP goal 3.2)	N/A	2013 INTOSAI stocktaking report published	N/A	N/A	Considerable challenges resulting in delay. Report to be published Q1 2015
	<b>Achieved:</b>	Global survey in progress. Publish in 2014	Report being finalised, publish early 2015		
	<b>Source: Secretariat annual progress reports</b>				

No.	Theme and Task	Priority for 2014	Responsibility	Progress
7	Monitoring and Evaluation			
7.1	Secretariat annual progress report to funders	High	Secretariat	Completed
7.2	Global SAI Monitoring Report, based on IDI Global Survey	Medium	IDI	In progress
7.3	Synthesis of SAI Project Evaluations	Medium	Secretariat	Completed
7.4	Evaluation of the INTOSAI-Donor Cooperation <ul style="list-style-type: none"> <li>• Terms of reference approved</li> <li>• Evaluator Commissioned</li> <li>• Inception report</li> </ul>	High	<ul style="list-style-type: none"> <li>• Steering Committee</li> <li>• SC leadership/ Secretariat</li> <li>• Evaluator</li> </ul>	<ul style="list-style-type: none"> <li>• Completed</li> <li>• Completed</li> <li>• Completed</li> </ul>

During 2014, responses to the Global Survey continued to be received into June, delaying the analysis of results. Staff shortages, as mentioned in section 1.5, further delayed this work. Unlike the 2010 Stocktaking, it was possible to triangulate the responses from the survey with other data sources. This demonstrated that while some of the data was consistent with other sources, in some areas the data was both incomplete and contradictory to other sources. Significant work was therefore put into data validation, and triangulation of data between sources. The result is a report ‘SAI Performance – 2014 Stocktaking’, which provides a global overview of SAI performance and capability as at 2014, a comparison to performance in 2010, and an overview of levels of capacity development support and future needs. The report is nearing finalisation and will be published in the first quarter 2015.

A Synthesis of Evaluations of SAI Capacity Development Programs was presented at the SC meeting. The synthesis revealed a wide variety in understanding and practice regarding evaluations. ‘Evaluations’ varied from internal monitoring and reviews to fully independent studies following recognised evaluation principles. Most evaluations were commissioned to meet accountability requirements; few had specific learning objectives. And very few evaluations were widely disseminated and published. For the purposes of the synthesis, only 19 evaluation reports were received from stakeholders covering the past decade. And of these 19, five were considered to have followed DAC principles for effective

evaluations and addressed (to some extent) the five DAC evaluation criteria (relevance, efficiency, effectiveness, impact and sustainability).

The Synthesis provides cross-country evidence on the fundamental importance of ownership of the beneficiary SAIs, alignment of the initiative’s design with broader PFM reforms, results frameworks including baseline data, and prior consideration of exit strategies to secure sustainable change. It further noted that the evaluation criteria of sustainability and impact were not addressed in most evaluations; that evaluations foreseen at the design phase of the project turned out to be of higher quality; and that the terms of reference for an evaluation were crucial to high quality evaluations.

Finally on the theme of evaluations, 2014 saw the start of the Evaluation of the INTOSAI-Donor Cooperation. A concept note was drafted and discussed at a SC teleconference in June, and comments received from numerous SC members. This phase reached agreement that it should be an evaluation based around three pillars, and that an impact evaluation was not possible. Terms of reference were agreed and used to hire an external evaluator, through a competitive international tender. The evaluator, ECORYS, presented their proposed approach at the Paris SC meeting, and agreement was reached on the inception report by the end of December. During the inception period, the SC leadership agreed that the proposed third pillar – SAI performance and Cooperation contribution to this – should be dropped. The Leadership noted that there remained a limited evidence base and had been insufficient time for the work of the Cooperation to have made an observable impact on SAI performance. At this early stage of the Cooperation, the focus should be on the performance of the Cooperation, and the behaviour of its INTOSAI and Donor members against the agreed principles of the INTOSAI-Donor MoU. Country visits would remain a key evidence source for the evaluation objectives, but would not seek to develop country case histories which sought to analyse and understand SAI performance changes.

Planning for country visits began in late 2014, but a number of these faced significant delays in securing agreement of the SAIs. Some minor changes were also necessary to the selected countries. The country field work is planned for March and April 2015, with a draft evaluation report expected by in mid-May 2015.

## 2.5 Cross-Cutting Observations on Sustainability and Gender

<p>Measures to ensure Program contributes to sustainable performance change within participating SAIs</p>	<ul style="list-style-type: none"> <li>• All activities are done in response to demand from SAIs, communicated directly and through INTOSAI bodies at the global and regional level.</li> <li>• In particular, the Global Call for Proposals is designed to ensure and strengthen SAI ownership of future capacity development initiatives.</li> <li>• Participation of individual SAIs in these activities is based on the demand of the SAI.</li> <li>• Senior management of the SAIs are engaged in the various programs, e.g. Head of the SAI decides whether to conduct a SAI PMF, or apply for support under the Global Call.</li> <li>• The SAI PMF is designed as a tool to measure and contribute to sustainable performance changes within an SAI.</li> <li>• SAI-focused activities seek to link to, and strengthen, the core systems used within SAIs, so that</li> </ul>
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	<p>improvements resulting from the program continue to have an impact after the activities have finished.</p> <ul style="list-style-type: none"> <li>• Many of the activities seek to develop global public goods, develop networks of experts within the SAI community, and strengthen INTOSAI regional bodies in order to make performance changes within SAIs more sustainable.</li> </ul>																				
<p>IDI assessment of progress on sustainability measures</p>	<p>Most sustainability measures appear on track at this stage. Some areas to monitor are:</p> <ul style="list-style-type: none"> <li>• Development of needs based funding applications: the capacity within developing country SAIs for developing results-focused applications, and using results frameworks, remains variable. However, the quality of submissions under the 2013 Global Call improved compared to the 2011 Global Call. For 2015, the Secretariat will continue to provide support to applicants in developing concept notes. Training will be provided in advance, using resource experts from the INTOSAI community who have been involved in developing applications and managing support projects to co-facilitate training.</li> <li>• Improving SAI-ownership, alignment and coordination of support: this is a key part of the rationale for the INTOSAI-Donor Cooperation, which is expected to contribute to sustainability. The 2014 Global Survey results suggest that key measures such as use of strategic plans and alignment of support behind these, are improving. However, concerns remain about the absence of coordination mechanisms for all providers in some countries, which requires further investigation. The forthcoming Evaluation of the INTOSAI-Donor Cooperation will shed more light on whether donor and INTOSAI behaviour has improved in accordance with the MoU principles.</li> </ul>																				
<p>Program gender participation</p>	<p>With the exception of EUROSAI, all regions show a male gender bias in the selection of participants for SAI PMF training, which is most significant in ARABOSAI. (The figures for AFROSAI-E are based on a very small population of 11 assessors). It should be noted that participants at SAI PMF training courses tend to be people with senior positions in the SAI, and/or roles in strategic planning, performance measurement and reporting departments. These figures may reflect that senior positions in many SAIs continue to be male dominated.</p> <p><b>% female participants on SAI PMF training courses, by region</b></p> <table border="1" data-bbox="375 1268 1451 1367"> <thead> <tr> <th></th> <th>AFROSAI-E</th> <th>ARABOSAI</th> <th>ASOSAI</th> <th>CAROSAI</th> <th>CREFIAP</th> <th>EUROSAI</th> <th>OLACEFS</th> <th>PASAI</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Female %</td> <td>9</td> <td>11</td> <td>25</td> <td>20</td> <td>24</td> <td>56</td> <td>35</td> <td>36</td> <td>30</td> </tr> </tbody> </table> <p>Given this gender bias, the INTOSAI-Donor Secretariat is now monitoring and reporting on the gender balance on SAI PMF courses. The course invitation letters now encourage SAIs to consider the gender balance when nominating course participants. However, the Secretariat does not interfere in the selection of course participants, and has not refused any registrations from SAIs. In ARABOSAI, the Secretariat took specific measures to facilitate greater female participation, including using female instructors and supporting the attendance of a male relative for female participants that were, for religious and cultural reasons, unable to travel overseas unaccompanied.</p>		AFROSAI-E	ARABOSAI	ASOSAI	CAROSAI	CREFIAP	EUROSAI	OLACEFS	PASAI	Total	Female %	9	11	25	20	24	56	35	36	30
	AFROSAI-E	ARABOSAI	ASOSAI	CAROSAI	CREFIAP	EUROSAI	OLACEFS	PASAI	Total												
Female %	9	11	25	20	24	56	35	36	30												

### 3. INTOSAI-Donor Cooperation: Financial Report, 2014

#### 3.1 Current Approved Financing Schedule and Budget, 2013-15

The 2013-15 PD for the Cooperation was approved in 2012 with a 31% financing gap, which was filled during 2013. As part of the 2014 Performance and Financial Report, the Secretariat prepared a revised financing schedule, based on financing received and commitments made, and a revised budget, reflecting a number of changes since 2012. These were approved by the donors during 2014, and are shown below. Over the period 2013-15, the budget of the Cooperation was balanced to available resources, and there are currently no known uncertainties regarding 2015 funding.

<b>Revised Financing Schedule</b>	2013	2014	2015	<b>2013-15</b>
Brought Forward	2,966	1,040,721	1,764,245	<b>2,966</b>
Add: Funding and Interest Received/Receivable	8,444,983	9,195,702	7,773,484	<b>25,414,169</b>
Less: Actual Expenditure/Budget	-7,407,228	-8,472,178	-9,514,167	<b>-25,393,573</b>
Carried Forward	1,040,721	1,764,245	23,562	<b>23,562</b>

All figures in Norwegian Kroner

<b>Financing Received and Expected</b>	2013	2014	2015	<b>Total</b>
B/f from phase 1 (Irish Aid)	2,966	-	-	<b>2,966</b>
Austrian Development Agency (€100 000 per year)	731,010	810,870	836,000	<b>2,377,880</b>
Department for International Development (UK)	2,092,929	1,548,586	2,244,004	<b>5,885,519</b>
Irish Aid (€250 000 per year)	1,818,250	2,034,000	2,090,000	<b>5,942,250</b>
Ministry of Foreign Affairs, France (€100 000 in 2015)			836,000	<b>836,000</b>
Norwegian Agency for International Development Cooperation (2m NOK per year)	2,000,000	2,000,000		<b>4,000,000</b>
Norwegian Parliamentary Funding			341,480	<b>341,480</b>
SECO (Switzerland) (SFr 200 000 per year)	1,375,420	1,331,600	1,386,000	<b>4,093,020</b>
World Bank (Theme 3, \$70 000 in 2013 & \$210 000 2014)	387,800	1,287,780	-	<b>1,675,580</b>
World Bank (Theme 3, Haiti, \$23,700 in 2014)	-	140,470	-	<b>140,470</b>
Accrued Interest:				
Austrian Development Agency	7,482	3,686	5,000	<b>16,168</b>
Department for International Development (UK)		10,553	10,000	<b>20,553</b>
Irish Aid	9,858	9,183	10,000	<b>29,041</b>
Norwegian Agency for International Development Cooperation	22,234	10,084	10,000	<b>42,318</b>
SECO (Switzerland)		6,935	5,000	<b>11,935</b>
World Bank		1,955		<b>1,955</b>
<b>Total Financing (Cash)</b>	<b>8,447,949</b>	<b>9,195,702</b>	<b>7,773,484</b>	<b>25,417,135</b>
Seconded, OAG Norway (1 FTE)	578,070	592,522	607,335	<b>1,777,927</b>
Seconded, TCU Brazil (0.5 FTE)	382,207	470,114	481,867	<b>1,334,188</b>
<b>Total Financing (inc. in-kind support)</b>	<b>9,408,226</b>	<b>10,258,338</b>	<b>8,862,686</b>	<b>28,529,249</b>

Table shows actual amounts received where applicable, and otherwise forecasts based on recent exchange rates

All figures in Norwegian Kroner

Revised Budget	2013	2014	2015	Total
A. Staff Costs (Excluding in-kind Support)	4,574,645	4,657,955	5,709,017	14,941,617
B. Overheads and Other Indirect Costs	829,260	1,097,009	1,076,440	3,002,709
C. Contingency (Including Exchange Rate Provision)	-	116,893	213,950	330,843
<b>Total Admin (Cash)</b>	<b>5,403,905</b>	<b>5,871,857</b>	<b>6,999,407</b>	<b>18,275,169</b>
Theme 1: INTOSAI-Donor Cooperation Management	104,531	180,985	155,860	441,376
Theme 2: Funding Mechanism & Project Identification	79,830	155,915	-	235,745
Theme 3: SAI Performance Measurement Framework	1,352,971	1,309,887	1,026,906	3,689,764
Theme 4: Knowledge Centre on Support to SAIs	448,910	142,793	531,994	1,123,697
Theme 5: Strengthening the Supply of Support to SAIs	525	-	100,000	100,525
Theme 6: SAI Research Agenda	16,556	-	200,000	216,556
Theme 7: Monitoring and Evaluation	-	810,742	500,000	1,310,742
<b>Total Program (Cash)</b>	<b>2,003,323</b>	<b>2,600,322</b>	<b>2,514,759</b>	<b>7,118,404</b>
<b>Total (Cash)</b>	<b>7,407,228</b>	<b>8,472,178</b>	<b>9,514,167</b>	<b>25,393,573</b>
Seconded, OAG Norway (1 FTE) *	578,070	592,522	607,335	1,777,927
Seconded, TCU Brazil (0.5 FTE) *	382,207	470,114	481,867	1,334,188
<b>Total (inc. in-kind support)</b>	<b>8,367,505</b>	<b>9,534,814</b>	<b>10,603,368</b>	<b>28,505,687</b>

All figures in Norwegian Kroner

### 3.2 Budget Execution, 2014

The following table shows actual expenditure against the PD budget for 2014.

Budget Execution 2014	Budget	Actual	(Under) / Over Spend	(Under) / Over Spend %
A. Staff Costs (Excluding in-kind Support)	4,657,955	4,325,472	-332,483	-7%
B. Overheads and Other Indirect Costs	1,097,009	924,224	-172,785	-16%
C. Contingency (Including Exchange Rate Provision)	116,893	-	-116,893	-100%
<b>Total Admin (Cash)</b>	<b>5,871,857</b>	<b>5,249,696</b>	<b>-622,161</b>	<b>-11%</b>
Theme 1: INTOSAI-Donor Cooperation Management	180,985	144,012	-36,973	-20%
Theme 2: Funding Mechanism & Project Identification	155,915	202,489	46,574	30%
Theme 3: SAI Performance Measurement Framework	1,309,887	1,181,394	-128,493	-10%
Theme 4: Knowledge Centre on Support to SAIs	142,793	185,575	42,782	30%
Theme 5: Strengthening the Supply of Support to SAIs	-	0	-	N/A
Theme 6: SAI Research Agenda	-	0	-	N/A
Theme 7: Monitoring and Evaluation	810,742	357,559	-453,183	-56%
<b>Total Program (Cash)</b>	<b>2,600,322</b>	<b>2,071,029</b>	<b>-529,293</b>	<b>-20%</b>
<b>Total (Cash)</b>	<b>8,472,178</b>	<b>7,320,725</b>	<b>-1,151,453</b>	<b>-14%</b>
Seconded, OAG Norway (1 FTE) *	592,522	592,522	-	0%
Seconded, TCU Brazil (0.5 FTE) *	470,114	470,114	-	0%
<b>Total (inc. in-kind support)</b>	<b>9,534,814</b>	<b>8,383,361</b>	<b>-1,151,453</b>	<b>-12%</b>

\* Not included in IDI financial statements, so accounted for below the line

All figures in Norwegian Kroner

Explanation for variances:

- A. Staff costs are 7% under budget reflecting reduced over time levels compared to the budget, and reimbursement of staff costs from the Norwegian Government in relation to staff long term medical leave. Note that staff savings here are offset by increased consultancy expenditure on theme 4, below.
- B. Overheads and indirect costs are 16% under budget, reflecting reduced IT costs and lower than anticipated costs of corporate travel allocated to the INTOSAI-Donor Cooperation.
- C. No expenditure is shown against contingency.

- Theme 1. Under budget by 37 000 NOK, reflecting savings compared to budgeted figures for Secretariat staff attending the Steering Committee meeting, and reductions in attendance at other international meetings.
- Theme 2. Overspend of 47 000 NOK on the Global Call for Proposals relates to translation and consultancy costs on the 2013 GCP, incurred after the revised budget was prepared in May 2014. No such costs were anticipated at the time.
- Theme 3. Expenditure on SAI PMF was 10% less than budgeted. The budget included 75 000 NOK for consultancy spend to support Quality Assurance reviews of draft SAI PMF assessment reports. These were all done in house, as no consultants had yet reached the stage of being able to undertake a SAI PMF QA review.
- Theme 4. Overspend versus budget of 43 000 NOK. This resulted from having to hire consultants to support the delivery of the pilot courses in Abu Dhabi and Cairo, following Secretariat staff being unable to travel to both courses at short notice for medical reasons. These consultancy costs partly offset the savings on the staff budget under A, above.
- Theme 5. No variance.
- Theme 6. No variance.
- Theme 7. The evaluation of the INTOSAI-Donor Cooperation was only 20% complete, compared to a budget based on 50% completion by the year end. Therefore 300 000 NOK will be incurred in 2015 rather than 2014. Also, the final 2014 Stocktaking report has not yet been translated into Arabic, French and Spanish, implying a further 150 000 NOK will also be incurred in 2015 instead of 2014. Slippage on the two activities under this theme necessitates an equal increase in the 2015 budget for this theme, of 450 000 NOK.

### 3.3 Income and Expenditure per Donor, 2014

The following table summarised the funds received and spent, by source, for 2014. In addition to the planned carry forward of 1.764 million NOK (as per section 3.1 above), there was an underspend of 1.151 million NOK in 2014 (as per section 3.2 above). There were also additional variances related to the funding from the World Bank and Ministry of Foreign Affairs, France. World Bank funding for theme 3, excluding the ring fenced grant for Haiti, was 1 038 969 NOK. The remainder was allocated to the 3i program, under department 2. This is because the expenditure from the World Bank grants can not exceed the total expenditure on SAI PMF. This led to a decrease in revenue of 248 811 NOK. In addition, the funding from MFA, France for 2015 was received in late 2014 and carried forward. This funding also slightly exceeded the expected amount, due to exchange rate fluctuations.

Adjusting the financing schedule for the above variances in 2014 leaves a balance of 3.510 million NOK carried forward to 2015. This carry forward is shown against DFID (UK) (as DFID funding was due but not received at the year end), MFA France (as funding was earmarked for 2015) and Irish Aid.

2014 Statement by Donor	Brought Forward	Funding Received	Accrued Interest	Expenditure	Carried Forward
Austrian Development Agency	-	810,870	3,686	<b>814,556</b>	-
Department for International Development (UK)	-	1,548,586	10,553	<b>784,846</b>	774,293
Ministry of Foreign Affairs, France (€100 000 for 2015)		843,100		-	843,100
Irish Aid (2014 funding received late 2013)	2,554,360		9,183	<b>670,950</b>	1,892,593
Norwegian Agency for International Development Cooperation	-	2,000,000	10,084	<b>2,010,084</b>	-
SECO (Switzerland)	520,360	1,331,600	6,935	<b>1,858,895</b>	-
World Bank (Theme 3) (2014 funding received late 2013)	1,038,969		1,955	<b>1,040,924</b>	-
World Bank (Theme 3 - Haiti)		140,470		<b>140,470</b>	
<b>Total</b>	<b>4,113,689</b>	<b>6,674,626</b>	<b>42,396</b>	<b>7,320,725</b>	<b>3,509,986</b>

All figures in Norwegian Kroner

DFID (UK) funding of 774,293 NOK related to 2014, actual receipt in February 2015.

IDI's financial statements have been audited and an unqualified audit opinion was given. This confirms the Secretariat's actual expenditure as 7.321 million NOK as per section 3.2 above, as well as the income and expenditure per donor, as shown in the table above.

The approved financial statement of IDI, with particular notes related to the Secretariat, is included as Annex B and Annex C. The contributions to and expenditures of the Secretariat were audited as part of the overall audit of the IDI. The original and signed audit report in Norwegian, and translation in English, is included as Annex D.

### 3.4 Additional Activities Undertaken on a Cost Recovery Basis

In addition to the income and expenditures covered in the above budget, the Steering Committee mandated the Secretariat to undertake certain activities on a cost recovery basis. Specifically, the SC agreed that delivery of the training course 'Working with SAIs' for development agency staff should, where feasible, be delivered on a full cost recovery basis. The first such course was delivered in Bangkok in January, kindly hosted and funded by USAID. A second may take place in South Africa in the Autumn, but is not yet confirmed and hence not included in the budget estimates.

Additionally, the Secretariat occasionally coordinates SAI PMF training courses and assessments on behalf of donors, including managing the funding of peer and external SAI PMF assessments. These are selected in accordance with the SAI PMF roll-out strategy, e.g. ensuring that assessments take place in different INTOSAI regions and SAIs with different administrative heritages. The first such engagement relates to a SAI PMF training course and assessment in Burkina Faso, kindly funded and coordinated by SECO.

Finally, to help address the challenge of utilising the SAI PMF in very small SAIs in the Pacific (sometimes with fewer than 10 staff), the Department for Foreign Affairs and Trade (Australia) is currently in dialogue with the Secretariat regarding a small grant to explore appropriate and pragmatic solutions to applying SAI PMF in the PASAI region. This is likely to be around \$100,000 AUD, over the period 2015-16. 50% of this amount is included in the above figures for 2015.

Income and expenditures for these cost recovery activities are separately recorded in IDI's accounting system, and will be disclosed separately in future financial reports.

### 3.5 Proposed Revised Financing Schedule and Budget, 2015

Reflecting the known changes to 2014 financing (as per section 3.3 above), and known and expected changes to 2015 financing (as per section 3.4 above), gives the following expected 2015 financing. In the table below, there is also an increase in the funds available for the Cooperation from the Norwegian Parliament, as well as anticipated exchange rate gains relating to the funding from Austria, Ireland and Switzerland. This gives an expected cash financing of around 12.5 million NOK available for 2015.

<b>Financing Received and Expected</b>	Current Financing 2015	Adjustments	Proposed Revised Financing 2015	<b>Explanation for Adjustments</b>
B/f from 2014 (Irish Aid)		1,892,593	1,892,593	Brought forward from 2014
B/f from 2014 (France)		843,100	843,100	Brought forward from 2014
B/f from 2014 (DFID)		774,293	774,293	Brought forward from 2014
Austrian Development Agency (€100 000 per year)	836,000	66,000	902,000	Exchange rate fluctuation
Department for International Development (UK)	2,244,004		2,244,004	
Irish Aid (€250 000 per year)	2,090,000	165,000	2,255,000	Exchange rate fluctuation
Ministry of Foreign Affairs, France (€100 000 for 2015)	836,000	-836,000	-	Funds from France received in 2014
Norwegian Agency for International Development Cooperation (2m NOK per year)	-		-	
Norwegian Parliamentary Funding	341,480	658,520	1,000,000	Internal change to IDI budget
SECO (Switzerland) (SFr 200 000 per year)	1,386,000	114,000	1,500,000	Exchange rate fluctuation
World Bank (Theme 3, \$70 000 in 2013 & \$170 000 2014)	-		-	
World Bank (Theme 3, Haiti, \$23,700 in 2014)	-		-	
Theme 3 cost recovery: SAI PMF Burkina Faso (SECO)		582,825	582,825	Cost recovery contract
Theme 3 cost recovery: SAI PMF in PASAI (DFAT Australia)		304,500	304,500	Cost recovery contract, 50% in 2015
Theme 4 cost recovery: Donor Training, Bangkok (USAID)		125,347	125,347	Cost recovery contract
Accrued Interest:	-		-	
Austrian Development Agency	5,000		5,000	
Department for International Development (UK)	10,000		10,000	
Irish Aid	10,000		10,000	
Norwegian Agency for International Development Cooperation	10,000		10,000	
SECO (Switzerland)	5,000		5,000	
World Bank	-		-	
<b>Total Financing (Cash)</b>	<b>7,773,484</b>	<b>4,690,178</b>	<b>12,463,662</b>	
Secondee, OAG Norway (1 FTE)	607,335		607,335	
Secondee, TCU Brazil (0.5 FTE)	481,867		481,867	
<b>Total Financing (inc. in-kind support)</b>	<b>8,862,686</b>	<b>4,690,178</b>	<b>13,552,864</b>	

Table shows actual amounts received where applicable, and otherwise forecasts based on 1 Jan 2015 exchange rates

Consistent with the above revised financing schedule, a revised expenditure budget is presented below. This includes the three cost recovery projects, as well as a number of additional changes as explained below.

	Current Budget 2015	Budget Amendments	Proposed Revised Budget 2015
<b>Revised Budget</b>			
A. Staff Costs (Excluding in-kind Support)	5,709,017		5,709,017
B. Overheads and Other Indirect Costs	1,076,440		1,076,440
C. Contingency (Including Exchange Rate Provision)	213,950	-213,950	-
<b>Total Admin (Cash)</b>	<b>6,999,407</b>	<b>-213,950</b>	<b>6,785,457</b>
Theme 1: INTOSAI-Donor Cooperation Management	155,860	11,963	167,823
Theme 2: Funding Mechanism & Project Identification	-	60,000	60,000
Theme 3: SAI Performance Measurement Framework	1,026,906	1,089,853	2,116,759
Theme 3 cost recovery: SAI PMF Burkina Faso (SECO)		582,825	582,825
Theme 3 cost recovery: SAI PMF in PASAI (DFAT Australia)		304,500	304,500
Theme 4: Knowledge Centre on Support to SAIs	531,994	383,581	915,575
Theme 4 cost recovery: Donor Training, Bangkok (USAID)		125,347	125,347
Theme 5: Strengthening the Supply of Support to SAIs	100,000	-100,000	-
Theme 6: SAI Research Agenda	200,000	-200,000	-
Theme 7: Monitoring and Evaluation	500,000	529,000	1,029,000
<b>Total Program (Cash)</b>	<b>2,514,759</b>	<b>2,787,069</b>	<b>5,301,828</b>
<b>Total (Cash)</b>	<b>9,514,167</b>	<b>2,573,119</b>	<b>12,087,285</b>
Secondee, OAG Norway (1 FTE) *	607,335		607,335
Secondee, TCU Brazil (0.5 FTE) *	481,867		481,867
<b>Total (inc. in-kind support)</b>	<b>10,603,368</b>	<b>2,573,119</b>	<b>13,176,487</b>
* Not included in IDI financial statements, so accounted for below the line			

- Theme 1: Revised estimate as the location of the 7<sup>th</sup> Steering Committee meeting (Brasilia) is now known.
- Theme 2: Translation of updated guidance material on the Global Call for Proposals into relevant languages (not previously budgeted as it was not originally planned to update the GCP).
- Theme 3: Original budget was based on holding one 1 SAI PMF Task Team meeting and four standard SAI PMF training courses. Monitoring of SAI PMF progress and emerging needs has led to changes in planned activity levels. The SAI PMF development strategy now includes two SAI PMF Task Team meetings, while the demand for basic training makes it likely six standard SAI PMF training courses will be delivered. In addition, to further develop the network of SAI PMF trainers, team leaders and quality assurance reviewers, three SAI PMF Knowledge Sharing and Quality Assurance Workshops have already been held during 2015.
- Theme 3 cost recovery work (SAI PMF Burkina Faso, and SAI PMF in PASAI): planned expenditure matched to funding for cost recovery projects as described in section 3.4 above.
- Theme 4: additional costs of developing the donor training course as an e-learning platform, including a review meeting held in London with experienced trainers, as well as consultancy and IT support for the development of training materials.
- Theme 4 cost recovery work (donor training Bangkok): planned expenditure matched to funding for cost recovery projects as described in section 3.4 above.
- Theme 5 and 6: following previous Steering Committee decisions, it is unlikely any expenditure will be incurred in this area in 2015.

- Theme 7: 450,000 NOK re-profiled from 2014 (as described in section 3.2 above), and 79,000 NOK additional expenditure to enable the evaluation team to present the evaluation of the INTOSAI-Donor Cooperation at the 7<sup>th</sup> Steering Committee meeting in Brazil.

Bringing the revised financing and budget together, gives the following revised financing schedule for 2013-15.

<b>Revised Financing Schedule</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2013-15</b>
Brought Forward	2,966	1,040,721	3,509,987	<b>2,966</b>
Add: Current Funding and Interest Received/Receivable	8,444,983	9,195,702	7,773,484	<b>25,414,169</b>
Add: Increase in Norwegian Parliamentary Funding			658,520	<b>658,520</b>
Less: decrease in World Bank grant		-248,811		<b>-248,811</b>
Adj. MFA France		843,100	-836,000	<b>7,100</b>
Add: Theme 3 cost recovery: SAI PMF Burkina Faso (SECO)			582,825	<b>582,825</b>
Add: Theme 3 cost recovery: SAI PMF in PASAI (DFAT Australia)			304,500	<b>304,500</b>
Add: Theme 4 cost recovery: Donor Training, Bangkok (USAID)			125,347	<b>125,347</b>
Add: increase due to exchange rate fluctuations:				<b>-</b>
Austria			66,000	<b>66,000</b>
Ireland			165,000	<b>165,000</b>
Switzerland			114,000	<b>114,000</b>
Less: Revised Budget	-7,407,228	-8,472,178	-12,087,285	<b>-27,966,692</b>
Add: underspend against budget in 2014		1,151,453		<b>1,151,453</b>
Carried Forward	1,040,721	3,509,987	376,378	<b>376,378</b>

It should be noted that this revised budget include expenditure related to the 2015 global call for proposals (60,000 NOK under theme 2, and 500,000 NOK under theme 4 – regional workshops for SAIs focused on developing needs based funding applications). Should the Steering Committee decide not to launch the 2015 GCP, such expenditure will not be incurred.

### 3.6 Update on Plans to Strengthen Budgeting and Financial Reporting

#### Program Budgeting

In the current program document, all staff costs are shown against administration. However, the activities of the Secretariat’s technical staff are largely programmatic in nature, relating to the seven themes of the Cooperation. Use of program budgeting, in which staff costs are charged to the seven themes in proportion to time spent on each theme, would give a better picture of the actual costs of the Secretariat’s activities.

IDI’s current management accounting system does not support such an approach. However, from January 2015 IDI has introduced an electronic staff time recording system, which will be tested during 2015. At present it is used to record total hours worked. The system has the facility for staff to record hours by job codes, such as themes, which could in future be linked up to IDI’s payroll system, and the programmatic structure in IDI’s accounting system. Results from testing the system in 2015 will inform a decision on whether IDI as a whole will move towards full program budgeting and reporting from 2016 onwards.

Financial Reporting

Financial information on the Secretariat’s expenditure is included in note 10 to IDI’s Financial Statements. This follows the minimum reporting requirement under Norwegian Foundation law. However, the previous basis for reporting was on administrative classification (type of expenditure), making no distinction between administration and program expenditure, or the seven themes of the Cooperation. To enable easier reconciliation between IDI’s financial statements and reporting against the budget in program document, from 2014 an additional note has been included in the accounts, using the following format. This ensures that the classification of expenditure according to administration, program and the seven themes was subject to independent external audit.

<b>Expenditure Type and Project Code</b>	<b>Payroll and Related Costs (Class 5)</b>	<b>Travel and Accommodation Costs (71)</b>	<b>Other Operating Expenses (Other)</b>	<b>Total</b>
<b>Administration</b>				
A. Staff Costs (80000)	XX	-	-	XX
B. Overheads and other indirect costs (80000)	-	XX	XX	XX
<b>Admin Total</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>
<b>Program</b>				
Program staff costs (81000)	XX	XX	XX	XX
Theme 1 (81100)	XX	XX	XX	XX
Theme 2 (81200)	XX	XX	XX	XX
Theme 3 (81300)	XX	XX	XX	XX
Theme 4 (81400)	XX	XX	XX	XX
Theme 5 (81500)	XX	XX	XX	XX
Theme 6 (81600)	XX	XX	XX	XX
Theme 7 (81700)	XX	XX	XX	XX
<b>Program Total</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>
<b>TOTAL</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>

## 4. EXPLANATION OF MAJOR DEVIATIONS

While there are no major deviations from the 2013-15 work program to date, the following minor deviations are noted:

- SAI Supply side community of practice not established as planned, followed decision of the SC at the 6<sup>th</sup> SC meeting in Beijing, October 2013.
- Frequency of Global Call for Proposals changed from annual to every two years, by decision at 6<sup>th</sup> SC meeting.
- Pilot of the training for donors on working with SAIs planned for Egypt in late 2013 cancelled due to worsening security situation there. First pilot subsequently held in March 2014 in Washington.
- Update of the 2010 stock taking and benchmarking of SAI funding levels both incorporated into the 2014 IDI Global Survey, launched in late 2013, data reflected 2014, to be completed early 2015.

## 5. MANAGEMENT OF INTERNAL AND EXTERNAL RISKS

The following are extracts from the INTOSAI-Donor Cooperation Risk Register (i.e. internal risks) contained in the PD, focusing on the areas currently perceived to have the greatest residual risk. Three key risks from the PD are still perceived to be risks. One new risk was added in the 2013 progress report which remains critical. One additional new risk is also added below. Proposed risk responses, residual risks and risk owners are identified below.

Key Risks to Programme Success & Sustainability		Risk Response	Residual Risk	Risk Owner
Theme 3				
<b>New Risk (2013)</b>	Donors and SAI providers impose SAI PMF assessments on developing country SAIs, reducing ownership of the SAI PMF and leading it to be regarded as a donor tool, reducing its eventual use.	Continually raise the issue on SAI PMF training, at SC meetings and with donors and SAI providers in other fora.	Some donors and SC members continue to misuse SAI PMF, potentially damaging its reputation as an INTOSAI owned product.	IDI (INTOSAI-Donor Secretariat) and SC members
<b>New Risk (2014)</b>	SAIs are unwilling to share their SAI PMF assessments, for both quality assurance (QA) purposes (reducing quality of assessments) and improvement purposes (reducing quality of the final SAI PMF)	Arrange a series of SAI PMF Knowledge Sharing and QA Workshops in early 2015, to promote sharing of SAI PMF assessments and raise importance of QA.	Some SAIs have SAI PMF assessments that have not been subject to independent QA, and some opportunities to strengthen the final SAI PMF are missed.	IDI (INTOSAI-Donor Secretariat) and SC members

Key Risks to Programme Success & Sustainability	Risk Response	Residual Risk	Risk Owner
<b>Theme 4</b>			
SC donors and SAI providers of support design and implement SAI capacity development projects which do not reflect the MoU principles and INTOSAI priorities.	Communication and advocacy on the MoU principles, training and awareness raising for donors and SAI providers, support to strengthening capacity of SAIs to engage with donors and providers. Evaluation of INTOSAI-Donor Cooperation will also look at whether INTOSAI and Donor communities are following MoU principles.	Entrenched behaviour of SC donors and SAI providers does not change.	IDI (INTOSAI-Donor Secretariat) and SC members
<b>Theme 5</b>			
No consensus within the SC on the need to scale up and strengthen providers of support to SAIs. Discussions at 6 <sup>th</sup> SC meeting demonstrated lack of consensus in this area.	Look for simple and effective ways to minimise the biggest risks from weaknesses in the provision of support to SAIs.	Continuing weaknesses in the supply of support undermines its effectiveness.	IDI (INTOSAI-Donor Secretariat) and INTOSAI CBC
<b>Theme 7</b>			
Donors and SAIs do not provide access to SAI project evaluation reports, or help facilitate country level studies for an impact assessment of the Cooperation.	Advocate on the importance of evaluations for lesson learning, and guarantee anonymity of country level findings if required.	Evaluation findings may be skewed to those donors and SAIs that chose to engage, rather than being a fair representation of the population.	IDI (INTOSAI-Donor Secretariat) and SC members

The critical assumptions for the INTOSAI-Donor Cooperation (i.e. external risks) identified in section 8.1 of the PD remain unchanged. In summary, these critical assumptions imply that for the INTOSAI-Donor Cooperation to deliver the intended impact, the INTOSAI and Donor communities must also:

- Support other initiatives promoting accountability and transparency in public finances, implementation of SAI recommendations, and effective legislative bodies.
- Ensure all initiatives follow the principles of country ownership and relevance to the needs of SAIs.
- Ensure effective communication, dissemination and outreach of the Cooperation’s activities to all SAIs and all stakeholders engaged in supporting SAIs in developing countries.

## 6. PROPOSED ADJUSTMENTS TO AGREED PLANS

Approval is sought regarding the proposed revised financing schedule and budget in section 3.5.