INTOSAI-Donor Cooperation

Review of Coordination of Support to Supreme Audit Institutions

Final Report

September 2017

Acknowledgements

The review has been carried out by Jeremy Cant on behalf of the INTOSAI-Donor Cooperation. Jeremy is an experienced public financial management expert who has extensive first-hand experience of working with SAIs. Jeremy has worked for 24 years with the UK National Audit Office and in recent years has worked on projects to build the capacity of multiple SAIs. The project has been managed by the INTOSAI Donor Secretariat and support in liaising with SAIs and in carrying out the field visits has been provided by the Secretariat's staff.

The Cooperation also appreciates the support from Donors, SAIs, INTOSAI Regional Secretariats and private providers of support that have been available for interviews and responding to our surveys. Especially the Office of the Auditor General of Uganda and the State Audit Office of Georgia that supported us in conducting the two case studies.

Contents

BACKGROUND

1.   Improving the coordination of support to Supreme Audit Institutions (SAIs), to enhance the overall effectiveness of support, was one of the main reasons for establishing the INTOSAI-Donor Cooperation (Cooperation). In the 2009 Memorandum of Understanding between the INTOSAI and Donor communities, donors committed to deliver support in a coordinated manner to avoid duplication.

2.   The OECD, in its 2011 report on Good Practices in Supporting Supreme Audit Institutions, emphasised the 'value for money' argument for coordinating support:

> There is a huge amount of work needed to build capacity in SAIs and to more generally strengthen accountability and transparency in developing countries – by pooling ideas and seeking to coordinate efforts there is a greater chance that these monies will be used wisely.

3.   Although coordination of support has been examined as part of several reviews (for example, the 2014 Global SAI Stocktaking Report and the 2015 Evaluation of the INTOSAI-Donor Cooperation (Cooperation) there has not been a review focused specifically on coordination. The 2014 Global Stocktaking Report identified the need for further research:

> Donor coordination is perceived by SAIs receiving support as one of the important success factors for effective capacity development. It could therefore be worthwhile investigating further how donor coordination is facilitating or hindering the effectiveness of capacity development at the country level, and attempt to understand why this function appears not to be in place in some countries with multiple donors.

COORDINATION OF SUPPORT

4.   Broadly, coordination of support is taken to mean that support is provided in a way that avoids duplication and overlap, ensures the recipient does not receive conflicting or confusing advice, and maximizes synergies and efficiencies between various forms of support. It may also mean reducing the transaction costs involved in providing and receiving support. Coordination can be affected by the timing of individual donor funding cycles, which may be tied to fixed-term country strategies or external financing agreements.

5.   Coordination of support can also be understood from a wider perspective, to cover the following:

- policy dialogue with stakeholders on SAI reform – especially independence and legal framework – and how SAI reform fits into broader PFM and governance reform;
- advocacy efforts to promote and strengthen the SAI, including the proactive use of the SAI's audit reports;
- identification of reform priorities (through needs assessment, gap analysis, etc.);
- selection and planning of capacity development initiatives;
- implementation, reporting, and evaluation of capacity development initiatives.

6.   This review covers all forms of support: financial and technical assistance provided by donor agencies, country level support provided by peer SAIs, and the SAI's participation in regional and global initiatives.

PURPOSE OF REVIEW

7.   The purpose of this review is to influence SAI and donor behaviour to enhance the coordination of support to SAIs, contributing to support being better aligned with country-led reforms and ultimately leading to better performing SAIs in developing countries.

OBJECTIVES

8.   The review has the following objectives:

- to compile evidence (based on a sample of countries, donors, and INTOSAI providers of peer support) on effective coordination mechanisms for support to SAIs at the country level;
- to identify good practices and impediments in the coordination of support to SAIs, including the motivation for underlying behaviours;
- to disseminate good practices in coordination to key target audiences in order to facilitate positive behavioural change;
- to recommend measures that could be taken by the INTOSAI-Donor Steering Committee (collectively and by individual members) to enhance country-level coordination arrangements, to inform discussions at the 11th Steering Committee meeting.

METHODOLOGY

9.   The review approach was to focus on depth, to obtain richness of data, rather than width. Evidence was collected through a combination of desk review of existing documentation, structured interviews with ten SAIs, and focused questionnaires to a selection of developing country SAIs, donors and providers of support (SAIs and private sector companies). This desk-based approach was supplemented by field visits to two SAIs. The examples presented in the report come from both SAIs that have received support through Cooperation activities, for instance the Global Call for Proposals[1], as well as SAIs that have received support outside of the Cooperation. The report also draws on analysis of SAI responses in the 2017 Global Survey. The different strands of the methodology, and the specific activities that were carried out, are set out at Annex 1.

REPORT STRUCTURE

10.   Based on the evidence collected during the review, the report identifies a range of 'good practice principles' for coordinating support. These are supported by examples and two case studies. The report also identifies 'challenges' that have been experienced and makes recommendations to overcome these. The good practice principles and recommended measures to overcome challenges are presented to facilitate and influence positive behaviour change. Finally, there are two separate briefing notes for donor agencies and beneficiary SAIs highlighting good practice in coordinating support.

GOOD PRACTICE PRINCIPLES

11.   From the evidence collected and reviewed and the analysis of survey responses, we identified 13 principles of good practice in coordinating support to SAIs. Some of the principles may need to be adapted to reflect the country context.

The SAI should be included in Government/Donor policy dialogue

12.   In most countries receiving development aid, there exists a mechanism for beneficiary governments and donors to liaise and discuss policy issues, such as the country's commitment to reform and potential funding modalities. This forum operates at a high level, usually involving senior Government ministers. Below this level, there are often sector working groups, or coordination committees, and one of these usually covers public financial management (PFM) and accountability, which includes external audit and parliamentary oversight.

13.   To ensure that there is sufficient focus on external audit and accountability, the SAI should be represented in this overall PFM coordination forum. This does not necessarily compromise the

---

[1] The Global Call for Proposals (GCP) seeks to match SAI capacity development proposals with donor or INTOSAI funding. It empowers SAIs in developing countries to drive forward their capacity and performance by ensuring proposals are SAI-led and aligned with the SAI's strategic plans.

independence of the SAI. It can, in fact, provide an opportunity to confirm and promote the value and benefits of an independent and capable SAI. Several of the SAIs surveyed have country level arrangements that make sure the SAI is included in these fora. The arrangements in Peru (set out below) for coordinating the policy dialogue include the SAI and are designed to prevent duplication of support.

> The Government Decentralisation and Modernisation Group, created in September 2002, provides an exchange and coordination forum, where the country's decentralisation, modernisation and inclusion processes are analysed. The group works as an interlocutor for the government with international cooperation agencies.
>
> The Coordination Committee for Public Financial Management Follow Up, created in September 2009, provides a forum for regular dialogue between the Ministry of Economy and Finance and the institutions involved in public financial management, including the General Auditing Department. The committee's aim is to follow up the implementation of initiatives for improving PFM, as well as to harmonise and coordinate international cooperation in this field. The forum avoids duplication of effort and seeks to ensure that all reform initiatives prioritised by the Ministry receive financial assistance.
>
> The Public Financial Management Committee, chaired by the Vice-Minister of Economy and Finance, comprises bilateral and multilateral agencies for international cooperation that are actively involved in the reform of PFM, both at national (central government) and sub-national (regional and municipal government) levels.

14.   In Kenya, there is a hierarchy of dialogue forums and the Office of the Auditor General is included in the arrangements:

> - the PFM Steering Group, headed by Cabinet Secretary Finance, meets once or twice a year;
> - the PFM Sector Working Group is co-chaired by the Ministry of Finance PFM Secretariat and a donor representative;
> - the PFM Donor Group, headed by Denmark and the IMF, meets quarterly.

15.   Responses from the 2017 Global Survey show that 55% of low income and lower middle-income countries have an established donor coordination group, though over a quarter of these countries have no such group. Responses (from 60 countries) are shown in the table below.

Established Donor Coordination Group	55%
No Donor Coordination Group	27%
Not relevant (no donor or just one donor)	18%

Analysis of the data collected from the survey shows that the proportion of developing country SAIs with a donor coordination group has increased from 35% in 2014 to 47% in 2017.

16.   Donors may have to advocate more strongly for the country's SAI to be represented in government policy level coordination arrangements. Several of the donor agencies consulted during the review considered that coordination of support would be improved if the SAI were fully involved in this PFM policy dialogue:

> '*Coordination of support could be improved by the establishment of a PFM Coordination Committee, with a mandate for the strategic improvement of PFM across all sub-systems, including the SAI.*'
>
> '*The SAI should be actively involved in any related PFM reforms rolled out by government as that will help influence change.*'
>
> '*Coordination of support could be improved by the implementation of mandatory meetings with the donor community, civil society, and other key stakeholders (e.g. INTOSAI agencies) aimed at advocating and securing true independence (legal, financial, and operational) and sharing information to ensure efficiency in delivery of support and alignment with best practice and INTOSAI requirements (ISSAIs).*'

There should be a separate coordination/discussion (policy dialogue) forum focused on audit (or accountability)

17.   The PFM sector is very wide, as demonstrated by the range of performance indicators in the Public Expenditure and Financial Accountability (PEFA) assessment framework – only two out of 28 indicators are primarily concerned with external audit and parliamentary oversight. With the Ministry of Finance normally leading discussions, there is a risk that external audit and accountability may not receive sufficient priority. This is supported by the case studies presented in the 2015 'Evaluation of the INTOSAI-Donor Cooperation'.

18.   Additional evidence gathered during this review indicates that where SAI reform is part of wider PFM reform, the SAI component has been a junior partner, or Ministry of Finance activities have been favoured.

19.   It is therefore important for donors to work with the SAI to develop a separate 'audit (or accountability) working group'. Several of the SAIs surveyed identified this as one way that coordination of support could be improved. This approach has been adopted in the past in Ghana[2].

> In Ghana, in 2010, following support from the OECD-DAC hosted Working Party on Aid Effectiveness, an audit working group was formed, under the PFM Sector Working Group, to serve as the coordinating body to advance agreed upon objectives in the area of auditing. The audit sub-sector group provides a forum for dialogue by bringing together the Ghana Audit Service and development partner representatives engaged in the audit sector. The Ghana Audit Service chairs the specific initiatives that could result in greater sharing of assessments and methodologies, a working group and USAid was elected the first co-chair. The objective of the group is to identify responsible increased use of and reliance on Ghana Audit Service by development partners, and a more harmonised approach to audits of development-funded programs in Ghana[3].

20.   It may be the case that this type of arrangement needs to be informal and led by the SAI as was the case in the Dominican Republic[4].

> The Camara de Cuentes de la Republica Dominica (CCRD) has a leading role for policy and reform coordination in the area of PFM that is relevant to its work. In 2014 it initiated a regular inter-institutional meeting on the topics of control and accountability (Mesa de Control). Participants include the Comptroller's Office, various directorates of the Ministry of Finance, such as Treasury and Accounting, as well as donors that are supporting reforms in the PFM and governance areas. As such, the Mesa de Control is a crucial coordination mechanism, which seeks not only to foster regular information exchange between government institutions, but also to promote better coordination among donors. The later are actively supporting the initiative, most notably through funding for its appointed coordinator. Information from the meeting is sent to Congress.

21.   Several of the donor agencies consulted during this review supported this type of SAI-specific forum:

> *'There might need to be dedicated support and a regular forum, which might help donors engage on audit findings and related transparency.'*
>
> *'A donor/SAI thematic group, headed by the Auditor General, needs to be formed to coordinate development assistance, knowledge exchange, and the promotion of innovative reforms related to the*

---

[2] Good Practices in Supporting Supreme Audit Institutions, OECD, 2011

[3] One of the respondents to our surveys reported that the group has been discontinued and that meetings need to be re-introduced to help cooperation.

[4] Evaluation of the INTOSAI-Donor Cooperation, Dominican Republic Country Case Study, 2015

Donors need to properly understand the country context

22.   Donors need to take time to understand cultural issues, local political economy, and local practice/custom. Each SAI functions in a unique socio-political context. In providing support to that SAI, a key task for donors is to understand that context and to work with the SAI and other donors to help the SAI play an effective oversight role. This is a process of listening, watching, and recording, and is also challenging where the SAI itself is not aware of the gaps between where it is and where it wants to be (where it lacks access to a broader vision of what is possible). Donors need to invest in understanding the SAI and related institutions, including parliamentary oversight committees, ministries of finance, and civil society organisations. In doing so, they need to address the following issues[5]:

- How independent is the SAI?
- What is the political space for reform?
- What are the drivers for change that will enable the SAI to improve its effectiveness?
- Where is the support for improved transparency and accountability?
- What are the forces arrayed against such improvements?
- How far is the SAI likely to be the driver of change?

Donors and SAIs should meet regularly with key stakeholders

23.   By liaising regularly with key stakeholders, donors and SAIs can understand how the SAI is perceived and explore ways of working together to increase the independence and professionalization of the SAI. Donors can also have a role in facilitating meetings between the SAI and key stakeholders, as is also described in some of the examples below. Meetings can take place with:

- **government** to encourage them to take forward the recommendations of the SAI and to offer assistance if needed;
- **parliament** to ensure they understand what to do with SAI reports and to explore ways of strengthening oversight committees;
- **civil society** to ensure they understand the role of SAIs and how to use their audits, and so they can advocate for strong and effective SAIs;
- **business** so they understand the important role SAIs can play in economic development;
- the **accounting profession** to encourage efforts to professionalise the skill base of SAIs;
- **anti-corruption agencies** to encourage close cooperation among the main agencies involved in improving public financial management and reducing opportunities for fraud and corruption.

24.   Several respondents to our surveys provided examples of how stakeholder consultation has helped coordination:

In Ghana, GiZ's 'Good Financial Governance' program has facilitated retreats between the SAI and parliament to review the Auditor General's reports. The Ghana Audit Service, as part of its 2017 workplan, will meet with stakeholders across the country.

In Moldova, an 'International Conference on Strategic Development of the Court of Accounts: Challenges and Perspectives' was organised by inviting representatives of other countries SAIs,

---

[5] Good Practices in Supporting Supreme Audit Institutions, OECD, 2011

> Parliament, Government and civil society. At this conference, information about reforms pursued by the SAI was disseminated and views collected.

> In Uganda, the Office of the Auditor General has received support to develop a stakeholder management strategy. In implementing the strategy, with donor support, eight key sector engagements are planned, including Parliament, Accounting Officers of audited entities, media and civil society organisations.

Donors should support the SAI in policy dialogue with Government

25.   Donors supporting the SAI have an important role to play in highlighting the organisation's contribution to improved standards of financial management and accounting and in advocating for the SAI to be fully independent. Heads of Country Offices and Chiefs of Missions are in pivotal positions to advocate for improvements in the work of SAIs through their formal and informal contact with senior figures and parliament. Together they can:

- raise with senior government and parliamentary figures the importance of SAIs and, where warranted, urge them to comply with the UN resolution on SAI independence;
- highlight to senior business figures the contribution that a strong SAI can make in improving business confidence in government and encourage them to advocate for improvements;
- offer to convene, and support, high level panels of government officials, parliamentarians, senior SAI personnel, civil society, and the media to promote and discuss issues of accountability, transparency, and openness and help draw up action plans;
- demonstrate support for the SAI by meeting with the Head of the SAI and senior SAI personnel to discuss the results of their annual audits and ways the donor community can support their efforts;
- meet with the parliamentary financial oversight committee (or Public Accounts Committee), the Speaker, and other parliamentarians to reinforce messages on the importance of a strong and independent SAI and to discuss what the donor community can do to support the work of the PAC;
- express concerns if there is a major independence breach, such as the Head of the SAI being removed without following due process;
- use social media to blog and tweet around adverse reports on openness, corruption, and failure to deliver audits on time.

26.   This type of dialogue has benefitted individual SAI's in establishing and maintaining independence:

> As a result of its long-standing support to the State Audit Office of Georgia (SAO), senior officials from the Swedish National Audit Office were able to persuade the Georgian Parliament to amend draft legislation that would have compromised the SAO's independence. And as the Auditor General's term was coming to an end in July 2017, senior officials in the Swedish and German SAIs stood ready to advise and support the new Auditor General.

Donors should develop a joint strategy for supporting the SAI

27.   Ideally an SAI ought to be able to conduct its own internal review, develop its own strategic plan, and present donors with a cogent and costed analysis of its need for external support. The reality is often different. Many SAIs have inherited and maintained overly compliance-focused and/or inspection systems very different from the modern risk-based audit systems now being adopted by leading SAIs. In addition, such SAIs are often operating in environments where the role of external audit bodies sits uncomfortably

within a country/political economy context where criticism is seen as politically or ethically disloyal or where exposure of financial waste or corruption is seen as challenging powerful individuals or elites.

28.   In such situations, donors need to acquire and validate information on the SAI, building on their analysis of its operating environment, and use this to formulate their own strategy of what they can do to help – mindful of requests from the SAI but not afraid to challenge such requests. Donors should ask the following fundamental questions:

- What is the current capacity of the SAI – does it need assistance?
- Does assistance need to be targeted at the SAI or other key organisations (or both in parallel)?
- How is the SAI managed and controlled?
- Does the SAI have a reasonable coverage of the entities it audits?
- Has the SAI formed effective partnerships with key external stakeholders?
- If assistance were to be provided, is there a reasonable prospect of success?
- Which development partner is best placed to provide assistance?
- Can development partners work together to ensure support is harmonised and coordinated?
- Is the field already too crowded and will involvement just add to the transaction cost for the SAI and slow down the SAI's development?

29.   To facilitate a common understanding of all support provided to the SAI, the SAI should carry out a mapping exercise. This should show, in a matrix, each aspect of support provided (indicating the donor and the specific activities) and which of the SAI's development objectives it contributes to. Both the SAIs visited as part of this review maintained a comprehensive and up to date mapping of support. For example, the matrix maintained by the Office of the Auditor General of Uganda sets out the activities supported by eight separate donor partners and projects alongside five strategic objectives from the SAI's 2011/12 to 2015/16 corporate plan. The table below shows the range of development partners and activities supporting one particular strategic objective.

To improve on the quality and impact of audit work to promote increased accountability, probity and transparency in the management of public funds	
Irish Aid	Improving the quality of forensic investigations and information technology audit.
GiZ	Development of audit guidelines for gender audits, for construction (roads and bridges) audits, and for expert witness submission.
Swedish National Audit Office	Strengthening the OAG 'value for money' function, in terms of strategy and methodology and the production of high quality audit reports – through coaching of management (on strategy, manual and internal procedures) and training/coaching of audit teams; and exchange of experiences, benchmarking and establishing contracts. Also supported the Quality Assurance Department in reviewing the quality assurance policy, regulatory audit manual, and development of a quality control manual.
Office of the Auditor General of Norway	Strengthening the audit of Production Sharing Agreements, in particular, the audit of recoverable costs; and 'value for money' and environmental audits in the petroleum sector.
'SUGAR'[6] Project (funded by DFID and the European Union)	Support to OAG in the forensic audit area, in drafting report writing guidelines and training staff in how to use the guidelines. Certification and training of staff in the use of forensic audit tool is planned.

---

[6] 'Strengthening Uganda's Anti-Corruption and Accountability Regime'

30.   Mapping the support provided in this way enables all parties to identify aspects of support where there is a risk of overlap or duplication of effort. We were advised during the review that Irish Aid is no longer providing support in the forensic area and that the SUGAR project has shown interest in complementing their efforts.

31.   The project mapping information maintained by the State Audit Office of Georgia is submitted to the Ministry of Finance, which maintains a PFM-wide matrix of support covering different aspects of the PFM cycle. This includes Ministry of Finance fiscal forecasting and budgeting, the Revenue Service, Internal audit, the Procurement Agency and Parliament's Budget and Finance Committee.

The SAI management must be committed to reform and be open about its plans

32.   Reform initiatives must be fully supported by the leadership of the SAI, who should take the lead in managing and coordinating support. There should be commitment on both sides – a solid relationship makes for a sustainable partnership.

33.   SAIs sometimes want inputs from different countries so they can hear about the different approaches used by different countries and see which best fits their own situation. While this is very sensible when designing support, it should be done openly and as a specific objective, rather than by taking forward parallel development projects with a number of different donors. Where there are several parallel support projects, the SAI needs to be open about who is doing what and the objectives of each project.

In stating the aspects of coordination that have worked well, the Inter-American Development Bank representative for Trinidad and Tobago referred to:

- a genuine desire of the SAI's leadership to improve and comply with the ISSAIs;
- open sharing of information between the SAI and the donor;
- a strong sense of trust and shared vision between the donor's and the SAI's management.

Donors, the Ministry of Finance, and the Tanzanian Audit Office considered that the coordination of support worked well due to:

- a reforming leadership of the SAI;
- the key role played by one development partner who had been involved for a long period of time;
- regular formal and informal (at least monthly) meetings;
- the importance that donors attached to achieving broad congruence of aims[7].

There should be a single focal point within the SAI

34.   There should be a single focal point (department/unit) within the SAI for coordinating and managing all support. This unit should be the 'first point of contact' with donors and it should take the lead in ensuring that support is properly aligned to the SAI's strategic development objectives.

In 2012 the Office of the Auditor General of Uganda (OAG) established a Coordination Unit to manage and coordinate external support. The unit has an overview of all the development projects supported by development partners towards achieving the objectives of the OAG. This single focal point for donors has resulted in increased, and more efficient, communication between the OAG and its development partners.

---

[7] Good Practices in Supporting Supreme Audit Institutions, OECD, 2011

35.	Projects (or different components within the same project) will need to be managed by different departments within the SAI depending on the area being supported. Each project (or component) should have a designated project manager, who should liaise regularly with the central contact.

Capacity building support should be directed towards needs identified in the SAI's strategic development plan

36.	Support can only be coordinated if there is a clear understanding by all parties of the development needs and priorities of the SAI. The identification and design of support programs, whether strengthening the institution or building technical capacity, should be driven by development objectives, and related activities, set out in a time-bound strategic development plan. This will result in a coordinated definition of the areas in need of support and the most appropriate activities to achieve the desired improvement.

37.	The strategic development plan should be based on a comprehensive 'needs analysis', which compares current performance with established international practice (as specified by INTOSAI). For example, assessment against the SAI-Performance Measurement Framework (SAI PMF)[8], facilitated by GiZ, provided an overview of performance by the Office of the Auditor General of Uganda on all dimensions. Taking this one step further, the GiZ representative stated that:

> '*The outcome of a diagnostic assessment, such as the SAI-PMF, can be combined with donor mapping of existing support to identify areas for future support which are complementary (no overlap), have high result potential, and can be completed within the timeframe.*'

38.	Most of the SAIs consulted during this review confirmed that the need for support is based on an assessment of their development needs:

> GiZ technical support to the OAG of Uganda for the period April 2014 to March 2017 was based on aspirations enshrined in the 2011-2016 Corporate Plan. The on-going support for the period April 2017 to March 2019 is aligned to the OAG Corporate Strategy 2016-2021 goals.

> The Solomon Islands Auditor General commissioned the Pacific Association of Supreme Audit Institutions (PASAI) to undertake a needs assessment of the Solomon Islands Office of the Auditor General. This report was shared with the main donor, who used the report to inform the next phase of its support (a twinning arrangement with the Audit Office of New South Wales).

> In Trinidad and Tobago, the Inter-American Development Bank financed a SAI-PMF assessment of the Auditor General's Department. The assessment, which was assisted by the SAI of Jamaica, resulted in a new Strategic Plan (2016-2020). Subsequent to this, the Auditor General's Department requested support for technical assistance to implement key aspects of the new plan. Consequently, there was seamless alignment of the needs of the SAI with the intervention to be supported by the donor.

39.	It may be, however, that some SAIs, particularly in conflict or fragile states, will need assistance from donors in carrying out this first step. This was the case with the project supported by Portugal's Tribunal de Contas in East Timor[9].

40.	It is important that the support needed by an SAI, as indicated by institutional assessments and strategic development plans, is properly reflected in project terms of reference. Every support project has to be 'owned' by the SAI and should be focused on its core functions. Donors should resist the temptation

---

[8] The SAI PMF was endorsed at INCOSAI in 2016. The SAI PMF provides a holistic performance evaluation of the SAI's audit and non-audit functions in relation to its legal foundation and external environment, identifying root causes of SAI performance and interdependencies between these different aspects.

[9] 'Good Practice Examples in the Capacity Building of Supreme Audit Institutions', EUROSAI, May 2014

to 'add on' components that, while closely linked to accountability, are not the primary responsibility of the SAI.

41.   The quality of support provided by different donors could be improved if project design were subject to some kind of peer review[10]. This could be carried out by independent experts, under the auspices of the INTOSAI Development Initiative (IDI). This would ensure that support is compatible with INTOSAI standards. In consultations conducted during the review the point was raised that this must be seen in relation to the timeliness SAIs receive funds from donors. The delays in receiving funds on time is seen as a challenge in several instances and adding an extra layer of peer support could lengthen this process.

42.   In responding to the 2017 Global Survey, a significant number of SAIs stated that good project design, which clearly reflects the SAI's priorities and capacities, is one of the main success factors of in-country donor support. Aligning support to the SAI's needs was reported to be the biggest single factor contributing to the success of capacity building support from international cooperation partners.

Delivery of support should be formalised and key documents shared

43.   The delivery of support should be governed by a formal agreement which clearly specifies the activities to be delivered. This may take the form of a Memorandum of Understanding (often used for bilateral support provided by another SAI) or some form of project document (such as the World Bank's Project Appraisal Document). This document should, as a minimum, set out the development objectives, the activities that will be delivered, performance targets, and arrangements for monitoring and reporting progress. To ensure coordination in the design of projects, it should be shared with all donors operating in the PFM field.

> The contract between Global Affairs Canada, the Canadian Executing Agency, and the Government of Cuba details the responsibilities, including aspects of coordination, of each party to the contract and the project steering committee. A schematic illustrates the governance structure of the project showing lines of reporting and communication.

44.   AFROSAI-E advised the review that good practice in coordinating support requires the provision of support to be formalised:

> AFROSAI-E enters into a Memorandum of Understanding (MoU) with a member to coordinate specific support interventions. The MoU is agreed up-front and specifies the exact nature of support to be provided. MoU periods are usually not longer than 12 months.

Support from different donors should avoid overlap and be complementary

45.   Where more than one development partner is providing support to the SAI, the priority should be to avoid overlap between the various forms of support, both during planning and implementation. If possible, projects should be complementary. Review of practices in the Dominican Republic[11], found that the SAI had ensured clear separation of activities and had successfully achieved synergies between three separate projects.

> Three different agencies were providing support to the Camara de Cuentes de la Republica Dominica at the same time. The projects were for different durations and with different start/end dates. The focus of the projects was different. In broad terms, an EU/UNDP project focused on core organisational aspects, USAid supported the development of methodological guidance, and the World Bank's

---

[10] 'Good Practices in Supporting Supreme Audit Institutions', OECD, 2011
[11] Evaluation of the INTOSAI-Donor Cooperation, Dominican Republic Country Case Study, 2015

assistance was mainly on training for audit. There was clear separation of the areas supported and the different activities.

The SAI succeeded in seeking and achieving synergies between the projects:

- The EU/UNDP project had an initial role in setting up a basic web presence, which was then expanded to a comprehensive information portal within the World Bank support;
- On citizen participation, GiZ facilitated peer support from the SAI of Columbia, which the EU/UNDP project enabled financially by paying travel and accommodation costs.

46.   In designing and implementing joined-up projects, donors may have to accept that the results achieved cannot be attributed direct to their specific input. For example, in Zambia two projects were designed to complement each other, but a subsequent evaluation of one of the projects concluded that it wasn't sufficiently visible[12].

In Zambia, two projects supporting the Office of the Auditor General were devised under the premise that one donor would provide funding for the office to enable them to carry out specific activities, while the other donor provided technical expertise and assisted the office with practical on-the-job support. For example, in carrying out performance audits, the first donor provided funds for the audit team to visit districts, as well as for hiring thematic experts, while the second donor provided experts to participate in a joint audit, provide initial training, and coach and supervise audit staff. The two projects were closely coordinated at the planning stage. They shared one project document and the same timeframe in order to allow streamlined communication and easier monitoring and reporting arrangements.

However, an evaluation of the second project in 2013 raised the concern that the assistance was seen as an 'add on' to the first project and needed to be singled out better. It was therefore decided that for the next phase of support, assistance would be detailed in a separate project document, with separate underlying monitoring and reporting procedures.

47.   A point that was raised from consultations conducted during the review is that some scenarios can be chaotic. For instance, with multiple providers of support giving technical support to the same SAI in the same area where some also provide paid technical support and therefore have a financial/profit motive to reach. In such scenarios, it is crucial that the provider of support is honest with themselves about the values they are adding to the SAI they are supporting and if they are actually doing more harm than good. The soundest decision could actually be to withdraw their support.

Donors could consider to channel funds directly to the SAI to preserve its independence

48.   What is the best solution will depend on the country context. Many donors provide support to the SAI as part of basket funding provided to the finance ministry. Where the government and the finance ministry are fully supportive of reforms to the SAI, and achieving genuine transparency and accountability, this will most likely be unproblematic and could be the best solution.

49.   In scenarios where the SAI has limited independence and the government has no interest of a strong and independent SAI, there could be a risk to channel the funds through the Ministry of Finance. In these cases donors could consider arrangements where the SAI is funded directly. This conforms with the INTOSAI 2007 Mexico Declaration which makes specific reference to financial independence[13]. In both the 2010 Global Stocktaking report and the 2014 Global SAI Stocktaking it was reported that SAI Independence, especially financial independence still remains a challenge in many countries.

---

[12] Evaluation of the INTOSAI-Donor Cooperation, Zambia Country Case Study, 2015
[13] Good Practices in Supporting SAIs, 2011, paragraph 3.31

50.   It is also important for donors to send a consistent message to the government on independence – it could be problematic for donors to advocate for the SAI to be financially independent while at the same time routing funds to the SAI through the government. If there are legal or other impediments which make direct funding impractical in the short term, arrangements could be made which for instance include clearly signposting what funding should be received by the SAI and the governance arrangements[14]. They then need to monitor the SAI's funding by government to ensure that development aid does not substitute for recurrent funding.

51.   Pooling funds from several donors into a 'basket fund' or 'multi-donor trust fund' is, in theory, the best way of coordinating support. In this way, funding from several donors can be used to support a common set of objectives or activities. This is an attractive model for donor agencies that have relatively small budgets and who may be seeking to minimise their transaction costs. However, for the arrangement to work efficiently, each of the donors has to agree to standardised arrangements for initiating the project, sharing the results of fiduciary risk assessments, channelling the funds, and monitoring and reporting on progress. This rarely, if ever, happens in practice. Pooling arrangements can become complicated where donors have restrictions, due to domestic laws and regulations and development policies, on how their particular funds are used.

Donor agencies and INTOSAI regional organisations are well placed to facilitate peer support and exchange

52.   Nearly all the SAIs consulted during this review participate in regional and international INTOSAI gatherings and events and the majority have received some kind of peer support from a regional SAI. In some cases, this peer support has been organised by a donor as part of a wider project.

> GiZ facilitated support from the SAI of Chile to assist the SAI of Colombia (referred to as 'triangular' cooperation) to introduce an audit management system. The SAI of Chile provided technical support and there were reciprocal visits between the SAIs, along with videoconferences and constant consultation.

> The EU, as part of a project to support the Kosovo Audit Office, facilitated parallel performance audits with other Balkan region SAIs.

> The Swedish National Audit Office, as part of its bilateral support program with the State Audit Office of Georgia, facilitated an exchange of experiences with the SAIs of Latvia and Lithuania on quality assurance.

53.   On other occasions, peer support has involved INTOSAI regional organisations and IDI:

> AFROSAI-E provides a range of capacity building support to its member SAIs. This includes regional training workshops involving trainees from several SAIs and training facilitators from both international and regional SAIs. Technical assistance is also provided in-country and often takes the form of assisting with assessments (e.g. IT self-assessments; tri-annual independent quality assurance reviews). The organisation has also developed a range of template manuals, which can be adapted by each member SAI, to ensure consistency of approach across the region.

> The Australian Department for Foreign Affairs and Trade (the main donor operating in the pacific region) and PASAI have regular meetings at country level to ensure that support is coordinated. PASAI are also involved in meetings with the SAI and the organisation providing support.

---

[14] As for footnote 12

> PASAI worked with IDI and the SAI of the Cook Islands in carrying out a SAI-PMF assessment of the Solomon Islands Office of the Auditor General in 2016.

54. Several of the SAIs consulted during the review are regarded as being more advanced in their region and have themselves provided peer support:

> The Office of the Auditor General of Namibia was the first Chairperson of AFROSAI-E and continues to provide support to other member SAIs in the region.

> The National Audit Office of Tanzania has provided peer support on performance auditing to the General Auditing Commission of Liberia.

COUNTRY CASE STUDIES

55. As part of the review, we visited two SAIs to hold more in-depth discussions about how support is coordinated. We selected SAIs in two different regions that have received support from several different donors over a period of time. The case studies set out below highlight how complying with the principles of good practice identified in this report has resulted in the effective delivery of support.

State Audit Office of Georgia (SAO)

> **Aspects of coordination of support that comply with good practice principles**
>
> The modernization of accountability arrangements in Georgia was initially driven by the EU as part of their Neighborhood Policy. The new Auditor General (appointed in 2010) and senior management embraced the changes to bring the SAO (previously the Chamber of Control) into line with INTOSAI standards.
>
> The SAO has worked closely with two development partners, GiZ and the Swedish National Audit Office (SNAO), and this has resulted in a strong and sustained partnership. Both partners have supported the SAO when it appeared that the office's independence was being threatened.
>
> The provision of support to the SAO was initially 'supply driven' – both GiZ and SNAO approached the SAO and offered assistance. The process is now 'demand driven'. A detailed needs assessment (based on a 'gap analysis', SWOT analysis, and assessment against the SAI-PMF indicators) informs the office's strategic plan. This results in a list of development activities for which the SAO needs external financial support.
>
> All support is coordinated by the State Budget Analysis and Strategic Planning Department, which maintains a detailed project mapping matrix. Individual support projects (or initiatives) are managed by the relevant Head of Department. A Deputy Auditor General manages the relationship with the SNAO and support to performance audit (provided by both SNAO and GiZ).
>
> GiZ and SNAO have generally supported different functions within the SAO. GiZ have focused on the legal and administrative aspects of independence and supported parliament. SNAO have focused on audit practices. Both partners have supported the development of performance audit. This has been coordinated to avoid any duplication of effort. GiZ and SNAO support different audit teams and different audit approaches 'results based' and 'problem based'.
>
> Support provided by other donors (World Bank, EU and USAid) has been built around the core support provided by GiZ and SNAO. The SAO have identified their development requirements and taken advantage of opportunities as they have presented themselves. They were able to use surplus funds from the World Bank to purchase IT equipment and licenses. The World Bank have also funded study trips, including participation in the GAO fellowship program and an internship with the European Court of Auditors.

The SAO have generally sought support from well-established SAIs. The first 'call for proposals' to implement an EU Twinning project did not produce any serious contenders. The project was re-launched and GiZ's resident team facilitated a bid from the German SAI, who brought in the Polish SAI as their partner. The Twinning Project fiche (setting out the detailed activities) supported complementary, but different, functions and explicitly emphasized the need to avoid overlap and duplication. Performance audit, which was being supported by SNAO, was specifically excluded.

Minor overlaps between GiZ's support and the Twinning Project were managed by the pooling of resources. Coordination between the two support programs was helped by the fact that the GiZ team and the EU's Resident Twinning Advisor (RTA) were both based in the SAO. The RTA produced a quarterly newsletter explaining what the other projects were doing. The arrangement was also closely supervised by the EU's project manager.

When the EU twinning project was completed, the SAO obtained technical assistance from the EU by acting quickly to develop a concept and proposal to bid for surplus EU funds. The SAO recruited a former GiZ project coordinator to help them develop the proposal and negotiated with the EU on the coverage of the proposed project. At the EU's request, they agreed to incorporate a component designed to strengthen institutions fighting corruption.

One of the keys to the SAO's obtaining support has been to know exactly what it is they want and which donor might be interested. Having identified the need for a public communications strategy, the SAO approached the World Bank as one of their development objectives in Georgia is citizen engagement.

The SAO has not participated actively in country level PFM policy dialogue. However, the Ministry of Finance have established a PFM Council. This includes departments of the Ministry of Finance and other PFM institutions, such as the SAO, procurement agency, revenue service, and parliamentary budget and finance committee. Donors also attend. Each stakeholder presents quarterly progress reports against its strategy and annual workplans.

The PFM Council has an annual meeting, led by the Ministry of Finance, in which donors present their country plans and the stakeholders they are working with. This forum gives the SAO the opportunity to set out their achievements and present their current development needs. The PFM Council is regarded as an effective mechanism for sharing experience and coordinating support.

Uganda Office of the Auditor General (OAG)

> **Aspects of coordination of support that comply with good practice principles**
>
> Government and donor policy dialogue, and coordination, on PFM takes place within the context of the Third Financial Management and Accountability Program (FINMAP III) which is the Government's PFM reform program for the period 2014-2018. The main coordination forum, involving Government, donors and civil society, is the Public Expenditure Management Committee (PEMCOM). Several of the OAG's bilateral donors (outside the FINMAP framework) attend these meetings. The OAG is included in these arrangements, though does not attend all PEMCOM meetings – they are requested to attend if matters concerning the OAG are due to be discussed.
>
> Donors meet separately in the Local Development Partner Group. This group, comprising heads of overseas diplomatic missions and aid agencies, meets monthly and guides donors' activities in all sectors. The group meets quarterly with the Ministry of Finance Permanent Secretary and Secretary to the Treasury.
>
> Donors have, in the past, coordinated their advocacy efforts to promote and strengthen the OAG. For example, in 2008 the 'strong voice' of the donors contributed significantly to the approval by Parliament of the National Audit Act which gave the OAG enhanced independence. The coordinated actions of the donors and strong leadership within the OAG have helped to position the OAG as a key institution in the country's PFM system.
>
> In 2012 the OAG established a Coordination Unit to manage and coordinate external support. The unit has an overview of all the development projects that support the OAG, which is also shared with the development partners. This single focal point for donors has resulted in increased, and more efficient, communication between the OAG and its development partners. It has also made it easier for the OAG to take an active role towards their development partners to prevent any risk of overlap and duplication of support. The Head of the Unit also takes part in and has a good overview of the strategic processes of OAG which has helped facilitate effective communication and align development projects to strategic objectives. On an operational level, the OAG is seen as open and transparent and willing to share information, which makes it easier for donors to get an overview of what is happening – effectively, who is doing what.
>
> The identification of priority areas for support results from the OAG's strategic planning processes. The 2016-2021 Corporate Plan is the main driver for capacity development activities. It was developed following internationally recognised diagnostic assessments as for example the SAI Performance Measurement Framework (SAI PMF) and the AFROSAI-E Institutional Capacity Building Framework (ICBF). This helped OAG identify several new areas that needs to be strengthened. The OAG also sought input to the plan from different stakeholders (Parliament, Audited entities, Media and Civil society). The OAG thus has assurance that support is aligned to their greatest need.
>
> The OAG is currently developing a policy to streamline the coordination process and guide their relationship with development partners.

CHALLENGES IN COORDINATING SUPPORT

56.   From the evidence collected in carrying out the review, we have identified several challenges that donors and SAIs have experienced in managing and coordinating support. These are explained below and recommendations made for changing behaviour to overcome these challenges.

Donors not agreed on how to advocate for institutional change (e.g. SAI independence)

57.   Case studies[15] have found that donors are often not able to agree a common position on how best to advocate with country governments on strengthening the institutional status of the SAI. The case study for Nepal reported:

> The staff of OAG Nepal is part of the civil service and the budget of the institution is decided by the Ministry of Finance. Hence, there is no administrative or financial independence. However, opinions differ among donors involved to what extent these independence issues should be stressed in policy dialogue, as the situation in Nepal is quite similar compared to other Asian countries. Some donors are of the opinion that limitations in independence are not in fact hindering the practical work and development of the institution at this stage.

58.   The case study for Burkina Faso reported:

> The independence of the Cour des Comptes of Burkina Faso is a major issue for donors providing support and it is on the agenda for policy dialogue. However, donors have different opinions on the fora where this issue should be raised and how hard donors should push for it.

59.   Bearing in mind the different country contexts in which donors are operating, it is probably not desirable to try and make support to the SAI, or for wider PFM reform, conditional upon greater SAI independence. However, there are various 'levers' available to donors:

- incremental 'step by step' moves towards greater SAI independence can be included in the performance framework for providing budget support;
- donors can offer to provide technical support for specific initiatives related to independence (for example, drafting a new audit act);
- donors can use the results of independent assessments, such as the SAI-PMF or PEFA, to highlight the need for change;
- senior country donor officials can raise the issue of SAI independence in informal meetings with government, parliament, and civil society.

> ***Recommendation****: Donors should establish a common position on the priorities for greater independence and pursue these with the government in policy dialogue and by incorporating independence initiatives within support (for example, drafting a new audit act).*

Ensuring complementarity and compatibility of support

60.   The case studies presented in the 2015 evaluation of the Cooperation found a mixed picture on complementarity:

- in Burkina Faso, there appeared to be some overlap between projects and there was no complete overview of all capacity building activities funded by the various donors;
- in Nepal, most donors lacked insight into other projects; for example, donors contributing to the multi-donor trust fund were not well aware of bilateral support provided by another SAI.

61.   The implementation of projects by donors needs to reflect the capacity of the SAI to absorb the support being provided and must respect the SAI's on-going responsibilities in auditing the accounts of government. The provision of support must fit around the audit cycle. The timing of support must meet the needs of the SAI rather than the preferences of the experts brought in to deliver it. For example, there is no point in organising and delivering training courses if beneficiary SAI staff are too busy to attend.

---

[15] Evaluation of the INTOSAI-Donor Cooperation, 2015

> In the Dominican Republic, prior to the development of a specific capacity development strategy, the amount of training offered (by two separate projects) put a strain on auditors in terms of their ability to carry out regular audit tasks. The SAI requested better planning of training activities. Also, some stakeholders considered that the training provided by one donor could have been better synchronised with the methodological guidance developed in the context of another project[16].

62.   Technical experts brought in to deliver support must respect the approach of the SAI, particularly where it is not the same as the one adopted in their home country. AFROSAI-E reported that there have been instances where experts have not applied the AFROSAI-E methodology. With over 11,000 auditors in the region, a coordinated regional approach is important in ensuring consistency in capacity building efforts.

> *Recommendation: Where an SAI is already receiving support, any new donor should work with the SAI and the existing donor to ensure that:*
> - *additional support is necessary and does not place too much of a burden on the SAI;*
> - *additional support is focused on different aspects and 'ring fenced' from existing support;*
> - *arrangements are put in place for regular communication between the various donors.*

> *Recommendation: Donors should ensure that the timing of capacity building support does not interfere with the conduct of audit activities and that technical approaches recommended by visiting experts match the approaches adopted by the SAI being supported.*

Ensuring donor funding cycles match SAI requirements

63.   The review found numerous instances where support to an SAI had been disrupted because of the rules and lack of flexibility pertaining to donor funding (examples below). Coordination of support can also be hampered if an SAI is not aware of the funding cycles of different donor agencies.

> A gap in funding between the end of one phase of a project and the beginning of a follow-on phase, due to delays in donor approval and procurement procedures, can result in a lack of momentum and the introduction of different experts.
>
> Funds sometimes become available for a time-limited period, possibly due to the cancellation of activities elsewhere, and there can then be a 'rush to spend'. Utilising the funds within the timeframe can be particularly challenging if it involves obtaining approvals and organising procurement.
>
> On one occasion, donor country staff failed to comply with their own submission deadline, which resulted in the project losing approximately €800,000 in funding. This meant that the project outputs could not be fully delivered and damaged the relationship between the service provider and the SAI.

> *Recommendation: Where donors have committed to supporting an SAI, they should ensure that there is continuity of funding and seamless transition from one phase of support to the next.*

Harmonising donor review and reporting arrangements

64.   We recognise that each donor has its own accountability regime and that donors have to have standardised inter-country arrangements for monitoring and reporting. However, more effort needs to be made to harmonise these arrangements, to minimise the unnecessary burden and extra transaction costs for individual SAIs.

---

[16] Evaluation of the INTOSAI-Donor Cooperation, Dominican Republic Country Case Study, 2015

> The Office of the Auditor General of Uganda commented, during our visit, that they have to deal with many different reporting frameworks, which is time consuming.

65.   AFROSAI-E highlighted the benefits of a common reporting framework:

> 'a common reporting framework, which specifically details the reporting expectations and requirements, would definitely be a useful tool.'

66.   This position was echoed by several of the respondents to our surveys:

> Reporting can be improved by adopting a common format and timing, with coordination of external missions, and reliance on joint audits.

67.   Time needs to be spent clarifying how partners want, and need, to work together, how they can put in place common systems which lighten the bureaucratic burden on SAIs, and how to make decisions and manage conflicts. Monitoring frameworks need to be agreed and criteria for success clearly identified with agreed strategies for dealing with failure to meet targets.

68.   Where two or more donors adopt targets for the outcome of their PFM support programs that refer to outputs delivered by the SAI, the performance indicators and the quantum of the targets need to be consistent.

> *Recommendation: Donors should look for opportunities to harmonise reporting arrangements by adopting a common reporting framework and timeline, and commissioning joint audits and risk assessments.*

Ensuring that donor country staff have sufficient knowledge and expertise about SAIs

69.   Donor country staff responsible for the PFM and accountability sector often do not have extensive knowledge or experience of the subject. Different donors prioritise knowledge in different sectors and skill-sets. For example, a donor country office may be able to draw on the services of a resident PFM specialist, whereas in another donor country office, responsibility for PFM may rest with a specialist in a related discipline (e.g. economics).

70.   Lack of expertise can affect the coordination of support in several ways:

- project terms of reference for the provision of support to SAIs frequently include objectives and activities that are not routinely within the remit of an SAI (for example, preventing corruption);
- donor staff may not be sufficiently aware of the INTOSAI standards on the independence of SAIs;
- performance monitoring indicators and targets may not be consistent and tend to focus on the quantum of reports delivered rather than the quality of the work carried out.

71.   In addition to possessing specialist knowledge and expertise, implementing several of the good practice principles set out in this report may require donors to strengthen their in-country administrative capacity.

> *Recommendation: Donors supporting the PFM and accountability sector should ensure that country office staff have sufficient knowledge about the role and responsibility of key institutions, in particular the SAI and parliamentary oversight body.*

BRIEFING NOTES FOR DONOR AGENCIES AND SAIs

72.   The two briefing notes set out on the following pages draw on the good practice principles identified in this report to provide short statements of good practice for donor agencies providing support and for SAIs receiving support.

Briefing Note 1: Good Practice for Donor Agencies

Assist in ensuring the country's SAI is included in national level policy dialogue
Most countries in receipt of development aid have a public financial management (PFM) sector working group, or committee, comprising senior officials from the country's finance ministry, and other relevant agencies (e.g. revenue and procurement) and representatives of the donor community. This group provides space for policy dialogue around the priorities for financial management reform. The country's Supreme Audit Institution (SAI) is responsible for promoting accountability and for auditing the government's accounts. The SAI is an important institution in a country's PFM architecture. Donors should advocate for the SAI to be included in country and sector level discussions on PFM reform.

Work with the country's SAI to establish an audit (or accountability) working group
The PFM structure is very broad, stretching from fiscal forecasting, planning and budgeting to financial reporting, and accountability. The SAI might not be able to command sufficient attention within a PFM sector working group chaired and dominated by officials from the country's finance ministry. Donors should work with the SAI, and key members of parliament, to establish an audit (or accountability) working group to focus on the institutional structure and technical standards of the SAI and to raise the profile and standard of the parliamentary oversight committee.

Take time to understand the country context and political economy
Each SAI operates in a unique socio-political context. Donors need to understand that context – cultural issues, political economy, and local practice/custom. In considering the SAI's independence, donors need to ascertain the political space for reform, the drivers for change, and the forces for and against improved transparency and accountability.

Meet regularly with key stakeholders
Donors should liaise regularly with key stakeholders to understand how the SAI is perceived and explore ways of working together to increase the independence and professionalization of the SAI. Meetings can take place with government, parliament, civil society, business, the accounting profession, and anti-corruption agencies.

Assist the SAI in policy dialogue with government
Donors supporting the SAI have an important role to play in highlighting the SAIs contribution to improved standards of financial management and accountability and in advocating for the SAI to be fully independent. They are uniquely placed to liaise with senior government and parliamentary figures, business leaders, civil society, and the media to raise the profile of the SAI. Dialogue can be informed by the results of independent assessments, such as the Public Expenditure and Financial Accountability (PEFA) and the SAI-PMF.

Develop a joint strategy for supporting the SAI
Donors need to build on their understanding of the country context and the position of the SAI and formulate their own strategy of what they can do to help. Fundamental issues are the current capacity of the SAI: does it need assistance and how much can it absorb; whether other organisations also need to be supported; and which donor is best placed to deliver the support.

Ensure capacity building support is directed towards needs identified in the SAI's strategic development plan (or similar document)

There needs to be a clear understanding by all parties of the development needs and priorities of the SAI. The identification and design of support programs, whether strengthening the institution or building technical capacity, should be driven by development objectives, and related activities, set out in a time-bound strategic development plan.

Ensure that arrangements for delivering support are formalised and key documents shared

The provision of support should be governed by a formal agreement which clearly specifies the outputs to be delivered and the activities to be carried out to achieve this. This may take the form of a Memorandum of Understanding (often used for the provision of bilateral support) or some form of project document. To ensure coordination in the design of projects, it should be shared with all donors operating in the PFM field.

Ensure that support to the SAI is complementary and does not overlap

Where more than one donor is providing support to the SAI, the priority should be to avoid overlap between the various forms of support, both during planning and implementation. Projects should be complementary. Donors must beware of pursuing their own agendas.

Establish joint (or complementary) review and reporting arrangements and timelines

Donors need to be aware that complying with project accounting and reporting requirements and facilitating review and evaluation missions can result in significant transaction costs for the SAI. In accordance with commitments given on aid effectiveness, donors should look for opportunities to harmonise reporting arrangements by adopting a common reporting framework and timeline, and commissioning joint audits and risk assessments.

Channel funds directly to the SAI to reinforce the principle of independence

Donors should, wherever possible, provide funds direct to the SAI. If the SAI's lack of independence prevents this, and funds have to be routed through the finance ministry, donors should make the support conditional on being transferred direct to the SAI and monitor the SAI's funding by government to ensure that development aid does not substitute for recurrent funding.

Briefing Note 2: Good Practice for Supreme Audit Institutions

Establish an Audit (or Accountability) Working Group
An SAI is often not able to command sufficient attention within a PFM sector working group, chaired and dominated by officials from the country's finance ministry. The SAI should work with donors, and key members of parliament, to establish an audit (or accountability) working group to focus on the institutional structure and technical standards of the SAI and to raise the profile and standard of the parliamentary oversight committee.

Develop a strong and sustained relationship with strategic development partner(s)
The SAI should take the lead in identifying the type of support it needs and which donor is best placed to provide it. Strong commitment from the Auditor General (or the head of the SAI) and the SAI's senior management is essential. Continuity of support is important and there are significant benefits from developing, over time, a long-lasting relationship with one lead donor.

Ensure that there is a single focal point overseeing the provision of support
There should be a single focal point (department/unit) within the SAI for coordinating and managing all support. This unit should be the 'first point of contact' with development partners and it should take the lead in ensuring that support is properly aligned to the SAI's strategic development objectives.

Maintain an up to date strategic development plan to inform support activities
The SAI should carry out a comprehensive 'needs analysis' comparing current performance with established international practice, based on an approved assessment tool (such as the SAI-PMF framework). The results of this assessment should feed into the SAI's strategic development plan. This will result in a coordinated definition of the areas in need of support and the most appropriate activities to achieve the desired improvement.

Maintain a comprehensive mapping of support projects
Coordination of support will be greatly facilitated if donors can readily understand the range of support (past and present) provided to the SAI. This can be achieved by the SAI maintaining a complete and up-to-date mapping of projects showing the donors providing the support, the objectives and activities, and how the support links to the SAI's development objectives.

Ensure that arrangements for delivering support are formalised and key documents shared
The provision of support should be governed by a formal agreement which clearly specifies the outputs to be delivered and the activities to be carried out to achieve this. This may take the form of a Memorandum of Understanding (often used for the provision of bilateral support) or some form of project document.

Annex 1: Review Methodology

Activity	Detail
Review of documentation to identify good practice and challenges in coordinating support.	The documents reviewed were: • 'Good Practices in Supporting Supreme Audit Institutions', OECD (2011); • Global SAI Stocktaking Report, IDI, (2014); • Synthesis of Evaluations of SAI Capacity Development Programs, INTOSAI-Donor Cooperation (2014); • Good Practice Examples in the Capacity Building of Supreme Audit Institutions, EUROSAI (2014); • Evaluation of the INTOSAI-Donor Cooperation (2015); • 'Making SAIs Count: Suggestions for DFID Country Offices', UK National Audit Office (2015).
Structured interviews with ten developing country SAIs.	These interviews took place on the margins of two scheduled events: the AFROSAI-E SAI-PMF training event in Pretoria and the UN/INTOSAI Symposium in Vienna. The SAIs were selected from those attending and notified in advance. The SAIs were either in receipt of support or have received support in the last two years (as confirmed by the IDI Capacity Building Database).
Focused questionnaire to developing country SAIs.	The countries were selected after the structured interviews had been completed. As with the interviews, the SAIs are in receipt of support or have received support in the last two years. SAIs were selected from all seven INTOSAI regions.
Field visits to two developing country SAIs.	These were selected to highlight good practice by SAIs receiving multiple support over time from different donors.
Questionnaire to bilateral providers of support – other SAIs.	We consulted three developed country SAIs (France, Netherlands, and Norway) that have a track record of providing capacity building support, along with the former International Development Manager for the UK National Audit Office.
Questionnaire to donors proving support to SAIs	We approached nine separate donors at country level (facilitated by the Cooperation's contacts with donor headquarters) and focused on those donors actively supporting SAIs in the countries covered by the review.
Questionnaire to private sector service providers	We consulted several private sector service companies that have provided technical assistance to SAI capacity building projects.
Questionnaire to INTOSAI regional bodies.	We consulted with AFROSAI-E, CREFIAF, and PASAI as INTOSAI regional/sub-regional bodies engaged in providing capacity building support.
Review of information collected in 2017 Global Survey.	We examined the analysis of information provided by SAIs in response to questions on the effectiveness of coordination and capacity building support.