

A SAI independence checklist

SAI independence does not happen by chance but will often require a concentrated effort, over many years, to progress. It's a journey, or a state of mind that commits to independence as a key element of professional auditing, and as a framework for leadership and interaction. This means it is important for a SAI seeking greater independence to develop a realistic plan and strategy on how to achieve it.

SAIs should further refer to the PASAI Independence Resource Kit, results of its SAI Performance Measurement Framework (PMF) assessment, particularly on Domain A, and the results of any [PEFA assessment](#), particularly Pillar 7, PI-30.4 SAI Independence.

The following table provides information on some of the matters a SAI will need to consider when seeking to increase the level of independence¹.

Issue	Action required	Comments
1. Analysing current legislation	Analysing (self-assessing) existing SAI legislation to determine areas where SAI lacks independence	Self-assessing the extent to which a SAI is, or is not, independent allows the SAI to identify the existing independence gaps with the aim of removing some, or all, of them. A SAI could use either the INTOSAI SAI PMF or the Victorian Auditor-General Office methodology to analyse the gaps. Alternatively, some SAIs have used independent experts to review a SAI's legislation and identify any gaps.
2. Prioritising the important matters	Identifying and prioritising the most important matters requiring legislative change	It is unrealistic to expect a SAI to achieve independence across all the matters contemplated in the Lima Declaration (INTOSAI-P 1), the Mexico Declaration on SAI Independence (INTOSAI-P 10) and other Professional Pronouncements . Accordingly, a SAI may need to prioritise those independence matters that are the most important to it and target its effort on those matters. For example, identify the 'top five' matters that require legislative attention. Doing this may help the speed of legislative change as well as ensure the most important matters change.
3. Developing a blueprint	Developing a policy for legislative reform	The policy or blueprint should set out how the SAI could provide information for decision makers including: <ul style="list-style-type: none"> • justification for broader SAI independence, including references to United Nations resolutions and the Mexico Declaration (INTOSAI-P 10); • explaining why the current legislative provisions are no longer 'fit for purpose' given the modern role of a SAI; • setting out the specific legislative provisions that are no longer fit for purpose; • providing draft replacement legislative provisions (although note that it is the Government's role to review the SAI legislation); • providing a time frame for possible implementation of the new provisions; • setting out the implications of the new provisions for the SAI; and • understanding the barriers and risks.

¹ Issues 7–10 are taken from [Making SAI independence a reality – some lessons from across the Commonwealth](#), National Audit Office 2015

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4. Legislation review	Government reviewing the SAI's legislation	It is the Government's role to undertake a review of the SAI legislation and not the SAI's. However, a SAI should seek to have input into the Government's review, to the greatest extent possible. For example, by working in conjunction with the relevant Ministry responsible for the legislative changes (such as the Ministry of Finance or the Attorney-General) or discussing the potential changes with other influential bodies and officials (such as the Ministry of Finance or Public Service Commissions).
5. Earning independence	The SAI showing that it can justify broader independence from the Executive	<p>A SAI can strengthen its case for independence by ensuring both its day-to-day conduct and its own transparency and accountability meet the highest standards. For example, the SAI should comply with Principles of Transparency and Accountability (INTOSAI-P 20) – and ensure it makes its mandates and strategy public, adopts audit standards and methods that are objective and transparent, and it applies the highest standards of integrity and ethics for staff at all levels.</p> <p>In this way, a SAI will be able to show decision makers it is a highly credible organisation that justifies broader independence. In relation to financial independence and operational autonomy (Principle 8 of the Mexico Declaration), the SAI should be willing to make itself fully accountable for its use of the resources entrusted to it, in return for increased independence.</p>
6. Resourcing	Developing a resource plan	Revised legislative arrangements may require a change in SAI resourcing. For example, financial independence or a broader mandate may mean more resources are required. Accordingly, a SAI needs to understand the resource implications of revised any revised independence arrangements and develop a resource plan setting these out.
7. Legislature	Enlisting the support of Parliament/Public Accounts Committee	<p>Given its constitutional role the legislature, often through the Public Accounts Committee (PAC) if one exists, is a likely supporter of increased levels of SAI independence. It is therefore important that the PAC and/or other legislators fully understand the benefits of greater independence and are given the opportunity to develop that understanding. Possible actions to enlist the support of the PAC or other legislators include:</p> <ul style="list-style-type: none"> • obtaining a capacity building project to strengthen the PAC so that it can better understand its role and why greater independence is important to the SAI; • conducting in-country workshops – perhaps led by a PAC member or expert from elsewhere (including through PASAI's independence programme) on the benefits of independence; • providing a briefing paper for the PAC or legislators, containing ready answers to standard questions or objections that legislators may face about supporting greater independence; • making sure other legislators, political parties, and influential individuals such as academics or political commentators, are briefed and understand the reasons for greater independence; and • the need to have constant advocacy for SAI Independence to key stakeholders to appreciate the importance of SAI independence. This should be done even if SAI obtains a high level of Independence in their legislation because the practical application of those sections in an audit legislation may still hinder by legislature or the executive.

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8. Public Expenditure and Financial Accountability (PEFA)	PEFA is a tool that helps governments achieve sustainable improvements in public finance management (PFM) practices by providing a means to measure and monitor performance against a set of indicators across the range of important public financial management institutions, systems, and processes. The PEFA methodology draws on international standards and good practices on crucial aspects of PFM	<p>Effective external audit and scrutiny by the legislature are enabling factors for holding the government’s executive branch to account for its fiscal and expenditure policies and their implementation.</p> <p>PEFA has also developed a checklist under Pillar 7, PI-30.4 SAI Independence:</p> <table border="1" data-bbox="719 323 2152 874"> <thead> <tr> <th data-bbox="719 323 837 379">Score</th> <th data-bbox="837 323 2152 379">Minimum requirement for score</th> </tr> </thead> <tbody> <tr> <td data-bbox="719 379 837 539">A</td> <td data-bbox="837 379 2152 539">The SAI operates independently from the executive with respect to procedures for appointment and removal of the Head of the SAI, the planning of audit engagements, arrangements for publicizing reports, and the approval and execution of the SAI’s budget. This independence is assured by law. The SAI has unrestricted and timely access to records, documentation and information.</td> </tr> <tr> <td data-bbox="719 539 837 699">B</td> <td data-bbox="837 539 2152 699">The SAI operates independently from the executive with respect to procedures for appointment and removal of the Head of the SAI, the planning of audit engagements, and the approval and execution of the SAI’s budget. The SAI has unrestricted and timely access to records, documentation and information for most audited entities.</td> </tr> <tr> <td data-bbox="719 699 837 826">C</td> <td data-bbox="837 699 2152 826">The SAI operates independently from the executive with respect to the procedures for appointment and removal of the Head of the SAI as well as the execution of the SAI’s budget. The SAI has unrestricted and timely access to the majority of the requested records, documentation and information.</td> </tr> <tr> <td data-bbox="719 826 837 874">D</td> <td data-bbox="837 826 2152 874">Performance is less than required for a C score.</td> </tr> </tbody> </table>	Score	Minimum requirement for score	A	The SAI operates independently from the executive with respect to procedures for appointment and removal of the Head of the SAI, the planning of audit engagements, arrangements for publicizing reports, and the approval and execution of the SAI’s budget. This independence is assured by law. The SAI has unrestricted and timely access to records, documentation and information.	B	The SAI operates independently from the executive with respect to procedures for appointment and removal of the Head of the SAI, the planning of audit engagements, and the approval and execution of the SAI’s budget. The SAI has unrestricted and timely access to records, documentation and information for most audited entities.	C	The SAI operates independently from the executive with respect to the procedures for appointment and removal of the Head of the SAI as well as the execution of the SAI’s budget. The SAI has unrestricted and timely access to the majority of the requested records, documentation and information.	D	Performance is less than required for a C score.
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9. Ministry of Finance	Enlisting the support of the Ministry of Finance	<p>The Ministry of Finance may regard greater SAI independence as inconsistent with its role in the public financial management system, as well as having questions or doubts, for example that the SAI would become unaccountable if its budget were separated from the government budgeting process. Accordingly, it is important for a SAI to educate the Ministry of Finance of the reasons for greater independence as well as being able to show that, notwithstanding greater independence, the SAI will still be subject to appropriate oversight arrangements. Possible measures to meet objections about SAI independence, and to enlist the support of the Ministry of Finance for reforms, include:</p> <ul data-bbox="748 1114 2152 1501" style="list-style-type: none"> • requiring the SAI, as a public sector agency, must continue to comply with Ministry of Finance instructions on financial management and expenditure reporting, even if its budget is determined in another way; • requiring there be an independent functional review to ensure that there is agreement on the resource requirements of the SAI, and that the Ministry of Finance have other opportunities to provide advice on the SAI’s budget and wider economic or fiscal conditions influencing the budgetary process; • requiring the SAI report, and be accountable, to the PAC. This could include the PAC scrutinising and approving the SAI’s strategic plan and annual report, as well as it reviewing and approving the SAI’s budget each year; • ensuring the SAI is otherwise accountable by, for example, publishing an Annual Report setting out its performance and the use of its resources and requiring that the SAI’s financial statements be independently audited; and • undertaking audits that align with the Ministry of Finance’s aim of improving public financial management. 										

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10. Public Service Commission	Enlisting the support of the Public Service Commission	<p>In some countries a Public Service Commission (PSC) or similar body may undertake the recruitment, management of all public sector staff. The PSC may be unsupportive of the SAI being responsible for its own recruitment, for example due to the risk of wage growth, doubts about whether the SAI can manage a robust employment process, and increased risk of favouritism.</p> <p>Possible measures to meet objections about SAI independence, and actions to enlist the support of a PSC include:</p> <ul style="list-style-type: none"> • requiring the SAI to benchmark auditor salary rates against both the private and public sector, in consultation with the PSC; • requiring the SAI to develop human resources strategies and plans, and to use a Human Resources Manual; and • ensuring a PSC representative is on interview and promotions panels.
11. Other stakeholders	Enlisting the support of civil society, including the media, development partners and business organisations	<p>Civil society organisations will often be supporters of increased levels of SAI independence, as they will see it as a way of increasing the scrutiny of the government and ensuring that the government is held to account for its use of public funds and resources.</p> <p>Development partners would be a key stakeholder in some countries to push for SAI independence without interfering with the country's affairs.</p>
12. Communications	Using different communications and the importance of a Communication Strategy	<p>This relates to the importance of communicating with relevant stakeholders as mentioned in this checklist and including others such as media, donors, etc.</p> <p>Using different communications platforms is vital for SAIs, and the SAI independence strategy should show a connection to its communication strategy, especially including the media as one of the key stakeholders. This communication also applies to SAI to include SAI independence in its Communication Strategy and train staff on communication accordingly.</p>
13. SAI staff training on independence	Ensuring all SAI staff have knowledge on the importance of independence	<p>The capacity of SAIs in the Pacific varies. The well-resourced SAIs (especially the large ones) have staff that understands SAI independence and its significance to auditing. But some SAIs (small SAIs) will have staff who have no idea about independence. Therefore, capacity building on SAI independence is essential to include in the strategy.</p>
14. Barriers to SAI independence	Identify issues and risks related to SAI independence	<p>Identifying issues and risks that the strategy needs to address in various approaches to different stakeholders or to use other platforms including those noted above in this matrix.</p>
15. SAI independence resource tools		<p>IDI: Towards Greater Independence – A Guidance for Supreme Audit Institutions Draft</p> <p>PASAI: Independence Resource Kit</p> <p>EUROSAI: SAI Independence</p> <p>SAI Independence Resource Centre: What is SAI independence</p>