

Best Practices for Capacity Development in Supreme Audit Institutions

Notes for Remarks by
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Notes for Remarks by Michael Eastman, Executive Director, CCAF Best Practices for Capacity Development in Supreme Audit Institutions

Good afternoon.

When I received the invitation to participate on this panel in early April, there was still a half metre of snow on the ground in Ottawa. As you might imagine, I was quick to say I'd be delighted to attend.

My delight, however, was not related to the weather. Well, not entirely. I was really looking forward to coming here and meeting people who are thinking about innovative ways to develop capacity in Supreme Audit Institutions. I'm happy to share with you what we are doing at CCAF, and I hope to learn from our discussion this afternoon some of the best practices that others are using, so that we can improve our own programs.

I thought I might begin by telling you briefly about my organization, CCAF. Then I will focus on our capacity development activities in Canada, where we have programs for Canadian legislative auditors and for professionals from other countries. Finally, I'll try to synthesize our experience into several "lessons learned" that you may find useful.

What is CCAF?

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First, a word about my own organization. CCAF started off with a focus solely on the auditing function. This was reflected in the organization's name at the time of its founding in 1980: the Canadian Comprehensive Auditing Foundation.

Over time we realized that we could not effectively advance the interests of the legislative audit community without engaging both the management and governance communities – the other participants in the accountability process.

So we expanded our mandate. And we shortened our name. Today the foundation goes by the generic name CCAF, to reflect the fact that our focus is no longer narrowly on public sector auditing. Our niche is research and capacity building in areas of common interest to the three participants in the accountability process: auditors, government managers, and elected representatives. We provide a neutral forum where these three groups can come together to explore their mutual interest in improving performance and accountability.

We work particularly closely with Canada's 14 legislative auditors – the Auditor General of Canada at the national level, and the legislative auditors of each of Canada's provinces and territories. But we also now have strong links with government managers and elected representatives across the country, whose engagement is essential if we are to strengthen accountability.

CCAF's Audit Training Program

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Because of our close relationship to Canada's legislative auditors, we make every effort to respond to their needs. In 2006, the Canadian Council of Legislative Auditors asked CCAF to develop and deliver a high quality, professional training program for public sector auditors in Canada.

In response, we worked with the Council to put in place a process to identify and meet short and long-term audit training needs. We determined that the most urgent requirement was for a course on the *Fundamentals of Performance (Value-for-Money) Audit*. We developed, tested and finalized that course, then started work on a level two performance audit course.

We also collaborated with accounting firm KPMG to provide an Annual Update Session on Accounting and Auditing Standards in the Public Sector, which was offered for the first time starting last fall.

Our plan going forward is to develop one new course a year, based on the identified needs of the community.

International Legislative Audit Assistance Program for Improved Governance and Accountability

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CCAF's training program for Canada's legislative audit community is relatively new. We also administer a program for the Supreme Audit Institutions of developing countries – a program that is not so new. In fact, it has operated successfully for 28 years, since 1980. It is called the International Legislative Audit Assistance Program for Improved Governance and Accountability, and it is funded by the Canadian International Development Agency, or CIDA.

Last night in Ottawa I had the great pleasure of attending the graduation of the most recent group of auditors to participate in this program. The seven happy graduates were from Benin, Guyana, Kenya, Mali, St. Lucia and two from Ghana.

Since the program started in 1980, we have trained 186 senior auditors, or "Fellows" as we call them, from 50 countries.

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This program has had a significant impact on the strength of the audit function in developing countries. Many of the auditors that CCAF has helped train have gone on to senior positions within their SAI. Fellows from Kenya, Senegal, Bhutan, Guyana, Thailand, Nepal and Sri Lanka have been or are currently head of the supreme audit institutions in their countries.

CCAF has been successful in encouraging SAIs to nominate women for its Fellowship program; 40 percent of graduate Fellows are female, and two were recently appointed Auditor General in their countries – Senegal and Kenya.

The program is the result of a strong partnership. Besides CIDA, we have two key sets of partners.

The first are the SAIs of participating countries, who play a critically important role.

- They participate in the selection of the Fellows who will come to Canada for training;
- They work with their Fellow to identify a strategic paper to be written by the Fellow in Canada;
- They commit to implementing the paper upon the Fellow's return to the SAI; and
- They pay the Fellow's salary during the course of the program.

The second set of partners are Canada's legislative auditors, particularly those from the Office of the Auditor General of Canada and the Office of the Auditor General of Québec.

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The program has four major components:

- The first is a comprehensive *Assessment and Recruitment Component*, in which we select the countries and individuals most likely to benefit from the program;
- The second component is our *International Fellowships Component*, which is the core of the program. It brings highly qualified professional men and women from selected national audit offices to Canada. Over nine months, they receive intensive on-the-job and classroom training, including practical auditing experience in the Office of the Auditor General of Canada or the Office of the Auditor General of Québec. Two other Auditors General, from our provinces of Alberta and Ontario, have recently agreed to join the program.
- The third component provides supplementary *Capacity Development and Training*. It targets graduates of the "Fellowships" Component and their home organizations upon the participants' return home through specific training and capacity development initiatives. It also focuses on awareness and capacity building initiatives in those local institutions within that country that have a direct relationship with the SAI - such as central agencies (for example, the Ministry of Finance) and oversight or legislative bodies, such as public accounts committees.

- The fourth component is a comprehensive *Evaluation and Follow-Up Component*. It is intended to ensure that participating countries and SAIs achieve maximum benefit from their involvement in the program. It involves interviews, surveys and formal evaluation studies, and the bottom line is to ensure our program is as effective as it could be.

Lessons learned

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Now, I've been asked to identify some best practices for our discussion here today. I don't want to be so bold as to suggest that what we do should be considered "best practice" by anyone else. What works in one situation may not work in another.

Having said that, I'm quite prepared to share several of the lessons we have learned over the years. These "lessons learned" are based on CCAF's experience with our two training programs – the one for Canadian legislative auditors and the one for auditors from developing countries.

I'll quickly describe five lessons we have learned.

Lesson One: Establish training priorities

When we began developing our program for Canadian legislative auditors, we were faced with a large number of possible topics to address: financial attest audit, forensic audit, IT audit, environmental audit, report writing, and so on. In consultation with auditors, we determined that the priority was for two courses in value-for-money auditing. We started there, and will now gradually add courses in additional areas over the years to come.

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Lesson Two: Recruit effectively

Good capacity development initiatives are expensive. There are costs for course development, for instructors, for course materials, possibly for room rental, and the cost of pulling people from

their jobs to take a course. To get the best return on this investment, you want to ensure that the right people are selected to participate. Do they have the necessary pre-requisite training or experience? Will they be able to apply what they learn to the job they are assigned to do?

In the case of our international program, we also have to ensure we select the right countries to participate. We ask if a candidate SAI has the necessary positioning and support from political and governmental institutions in the country. Does it believe in gender equity – an important objective of our program. Is it likely to be able to train, in a reasonable timeframe, the critical mass of auditors needed to run an effective value-for-money audit program?

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Lesson Three: Provide practical training

I think one of the major reasons behind the success of our international program is that our Fellows don't just sit in a classroom. They are actually assigned to audit teams that are carrying out real audits. They are able to witness in person most of the key phases of an audit project: planning, execution, and reporting. This kind of on-the-job training in a team environment is invaluable.

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Lesson Four: Engage other key institutions

I mentioned a moment ago that to be effective, an SAI needs to have the support of other institutions in its jurisdiction. Legislative auditors are just one set of players in the accountability process. The others are the leaders of the governmental institutions that the auditors are auditing, and the elected officials to whom the auditors report their audit findings.

We realized that training the auditors wasn't enough, if the other participants in the accountability process were not playing their roles effectively. This is particularly true for elected officials, usually members of a public accounts committee or similar body.

CCAF has developed a comprehensive program to help public accounts committees in Canada strengthen their capacity. We have also started taking that program to other countries, to supplement the training that SAIs receive through our international program. Finally, we have developed an initiative to inform all participants in the accountability process about their roles and responsibilities and those of the other participants.

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Lesson Five: Evaluate

In 2006, an independent evaluation of CCAF's international program led us to propose an expanded, more focused and stronger version of the program to CIDA. Our proposal was accepted, and we are now in the process of implementing it. Without this evaluation, we would have been less certain about where improvements were needed, and probably less convincing about the need for additional funding.

One of the areas we've strengthened in the revised program is the evaluation function itself – as I said, *Evaluation and follow-up* is now one of the four components of the program.

Evaluation can be a painful exercise – it is no fun having your weaknesses identified – but the payoff in improved programming can be immense.

And with that, I'll end my comments. Thank you.