SAI Performance Measurement Framework (SAI PMF)

...AS AN INSTRUMENT TO STRENGTHENING INDEPENDENT OVERSIGHT ORGANIZATIONS, INCLUDING SUPREME AUDIT INSTITUTIONS

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Panel Objectives

- Share the experience in implementing the SAI PMF in Latin America
- Share the strengths and limitations of the SAI PMF
- Share the principles and methodology used in the planning, implementation and reporting for an SAI PMF evaluation
- Understanding the best procedure for conducting the SAI PMF evaluation according to the purpose of the evaluation and the country context.
Target Groups

SAI PMF Users:

- Representatives of SAIs who wish to apply the Framework
- Representatives of the donor community who wish to use the framework for designing donor support to SAIs
- Potential evaluators who may be involved in conducting the evaluation
Key Message

The SAI PMF is a General Purpose Framework - It is NOT an audit
Cycle of Control & Responsibility

1. Achieve the objectives of the institution
2. Presents Reports
3. Prepares Audit Reports
4. Exerts Democratic Control
5. Issues Recommendations
6. Make information Public

- Public Sector Management
- Supreme Audit Institution
- Government
- Parliament
- Public and Media
- Internal Audit
- Media and Public
International Agreement to Develop a Measurement Framework for SAIs

International Declarations:
- Lima Declaration, October 1977
- Mexico Declaration on SAI Independence, 2007
- U.N. Resolution A/66/209
  - Promote efficiency, accountability, efficiency and transparency of public administration by strengthening Supreme Audit Institutions (December 22, 2011)
How to ensure implementation of the U.N. declaration: Overview

- Complete set of Standards of Supreme Audit Institutions (ISSAIs) as approved by INTOSAI in 2010
- The INTOSAI Framework on the Value and Benefits of SAIs, as adopted in 2010
- Greater attention to strengthening SAIs within the international donor community (Memorandum of Understanding signed by INTOSAI-Donors in 2009)

Decision taken at the INTOSAI Congress in 2010 to Develop a Tool for Performance Measurement
What is the Performance Measurement Framework?

- Tool for measuring the performance
  - ...of an individual, system or organization
  - ...against an agreed performance scale
  - ...Adapted to local circumstances
What is the Performance Measurement Framework?

- It allows
  - Improved performance management
  - Monitor time
  - Evaluation and lesson learning

- Contributing to
  - Understanding of Performance
  - Performance Improvement
SAI Performance Measurement Framework

A. SAI Reporting

B. Independence and Legal Framework

C. Strategy for Organizational Development

D. Audit Standards and Methodology

E. Management & Support Structures

F. Human Resources and Leadership

G. Communication and Stakeholder Management

Value and Benefits of Supreme Audit Institutions

Country Context, Governance and Public Financial Management
Criteria are taken directly from the ISSAIIs or other international good practices.
Design of Indicators & Measurement Scale

- Inspired by the AFROSAI-E and PEFA scoring methodology
- Each indicator provides an objective measure of actual performance, not planned
Design of Indicators & Measurement Scale

- ...through 1-4 dimensions within each indicator
- Measured on a scale of 0-4
- Transferred to a single score per indicator
Aggregate Score Risk

- SAI PMF is not designed to assess and classify one SAI with others.

- SAI PMF aims to identify the individual strengths and opportunities of the SAI.

- Scores of indicators should not be captured in an aggregate score, because:
  - How could the relative importance of a 4 in the compliance audit be weighed against a 2 in the SAI mandate?
  - Could the weights be the same for Parliamentary-style and Court-style SAIS?
  - The weights could change as the SAI matures and gives priority to new areas.

- An SAI with low scores on the SAI PMF may operate better than an SAI with a higher rating given its resources, its mandate and its history.
a) Integrated Performance Assessment of SAIs
b) Value and Benefits of SAIs
c) External Facilitators and Obstacles with the greatest impact
d) Analysis of prospects for improvement

Chapter 1 Introduction
Chapter 2 Country and SAI History
Chapter 3 Evaluation (Scoring of Indicators & Evidence)
Chapter 4 Developing of SAI Capacities
Common gaps between SAIs and ISSAIs

- Comprehensive Audits
- Lack of Quality Assurance System
- Unclear about how Materiality should be calculated (Planning, Implementation, Special Items)
- Leaves no evidence identifying Fraud Risk (if any)
- Does not identify risks for noncompliance with laws and regulations
Common gaps between SAIs and ISSAIs ...

- Standard audit programs not developed according to understanding of the audited entity
- Lack of knowledge on Compliance Audits and Performance
- Ambiguous reports, lack of clarity
- Declare in audit reports performed, the audit examination on various Auditing Standards at the same time (Local Standards, ISAs and ISSAIs)
SAI Benefits

- **Improve own performance**
  - The SAI PMF provides an image of external performance and internal capabilities measured against best practices - shows the strengths and weaknesses
  - Allows Heads of SAIs and Minority Interests to see the results of reforms

- **Internal Performance Measurement / Annual Report**
  - Helps the SAI to better manage its own performance
  - It is a requirement of ISSAIs to evaluate and report on own performance - to lead by example and become an exemplary Comptroller
SAI Benefits ... 2

- Inform and ensure support for capacity building initiatives
  - Identify strengths and weaknesses, and increase understanding of the reasons for good and bad performance
  - Help build a culture of Performance Improvement
  - SAIs can use evaluation results to obtain support from donors and other external stakeholders
**SAI Benefits ...3**

- To demonstrate progress and value and benefits to society
  - The Framework will be very suitable for measuring progress over time and demonstrating this to external stakeholders
  - Show stakeholders how the SAI contributes to the strengthening of public financial management
Thank you!

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*The contents of this presentation are based on information provided by INTOSAI.