



The Role of Supreme Audit Institutions in promoting accountability and transparency

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in promoting accountability and transparency



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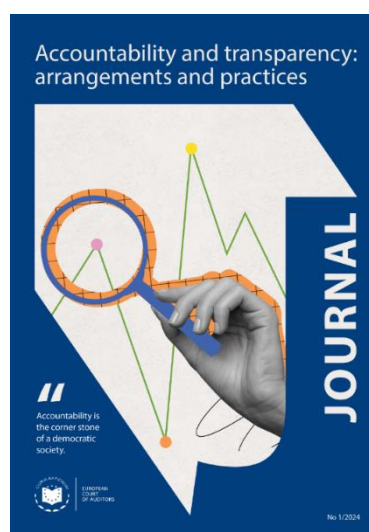


1. Introduction

Several outstanding publications on the topic of accountability in the public sector are by a Dutch professor called **Mark Bovens**. He's a professor of Public Administration at the Utrecht University School of Governance in the Netherlands and is considered an authority on this topic.

Two publications are particularly relevant for this presentation. One called "*Indexing watchdog accountability powers, a framework for assessing the accountability capacity of independent oversight institutions*". This research paper was first published in the **journal of Regulation & Governance** in May of 2020.

The second one is an interview with professor Bovens in a recent issue of the **journal of the European Court of Auditors** (ECA). They consider his publications on accountability, particularly in the public sector, to be benchmarks.



2. Accountability and Transparency

- What is accountability?
- What is transparency?

Accountability

There are many different aspects to accountability and it can be looked at from different perspectives, personal (human), society, political etc.

According to Bovens there are two (2) schools of thought for the concept of Accountability. One that views it as a virtue (US), and one that views it as a mechanism (Europe).

Within the European school of thought that views accountability as a *mechanism*, accountability is defined as:

"a relationship between an actor and a forum in which the actor has an obligation to explain and to justify his or her conduct"

So, in order for there to be accountability, there need to be **two parties**, an **Actor** and a **Forum**.

The **Actor** is the 'account giver', the one that has to explain and justify his behavior. The **Forum** is the party that holds the actor to account for his/her actions. The forum asks questions, passes judgement etc.



Accountability from the perspective of a society, is seen as a condition for a democracy to function. According to Bovens, *“accountability is the cornerstone of a democratic society”*. In this respect, **three** important purposes of accountability are identified:

1. Democratic Control

Without accountability it is almost impossible for voters and subsequently for parliament to control the exercise of power by the executive.

2. Checks and balances

Accountability is very important for the function of checks and balances. It helps to curb misuse of power, financial abuse, corruption, administrative or political abuses, power by the executive.

3. Learning

Accountability promotes learning from one’s mistakes. *“In order to learn, people have to come forward and be willing to report that a mistake has been made”*. However, this will only take place if naming and shaming are prevented.
by the executive.



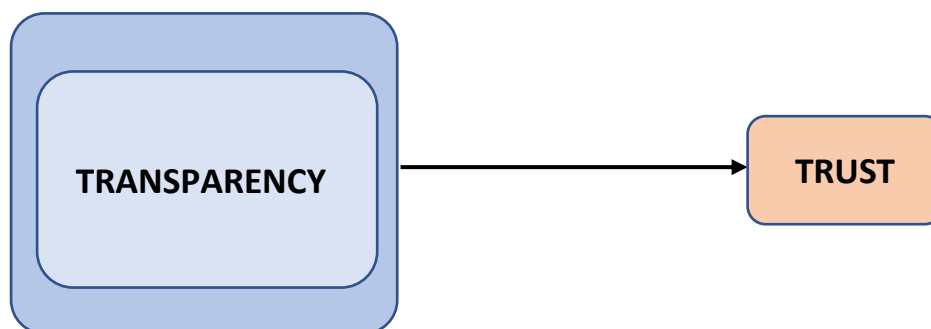
Transparency

Accountability and Transparency are interconnected, but there is a difference.

Bovens argues that transparency is a condition for accountability, but transparency alone does not constitute accountability.

Transparency is when actors publicly come forward with information about their conduct. However, as long as no one asks questions, debates and/or judges the actors' conduct, there is no accountability.

The outcome of Accountability and Transparency is **TRUST**



3. The role of SAIs in promoting accountability and transparency

So, what's the role of Supreme Audit Institutions in the accountability landscape. Well, they are considered to be watchdogs that have accountability powers, at least to some extent:

- Watchdogs
- Accountability powers
- SAI Aruba

Watchdogs

SAIs are considered 'Watchdogs' and watchdogs are accountability forums. Remember the definition with **Actors** and **Forum**?

But not all accountability forums are Watchdogs. An interesting observation Bovens makes is that Parliaments and (Judicial) Courts are accountability forums, but they are not watchdogs.



Ombudsmen, audit institutions and anti-corruption agencies are primarily watchdog institutions. They don't only expose fault in public, they also seek to remedy them by giving recommendations and proposing solutions.

Watchdogs are important accountability forums. They deliver accountability "by monitoring executive actors in the implementation of their first order governance tasks".

Supreme Audit Institutions (SAI's) are such watchdogs, they are "statutory agencies that have a primary function of



scrutinizing the actions of the public sector and providing reports independent of those scrutinized”.

(This definition is by Wilkins – 2015)

Accountability powers

To be able to do their jobs as accountability forums, SAI’s need to have *Accountability Powers*. The extent to which forums can hold the executive power to account is essential for the functioning of a democratic system. In other words, if the watchdogs (*forums*) are weak, executive accountability (*actor*) will not flourish.

Bovens identifies **three (3)** dimensions of accountability powers. All these three powers work together to determine to what extent the SAI has accountability power.

Table 1 Three dimensions of accountability powers

Formal powers	Organizational powers	Exercise of powers
Autonomy	Strategy	Productivity
Independence	Staff size	Effectiveness
Agenda setting	Staff quality	Salience
Information powers	Budget	Credibility
Questioning powers	Network	Creativity
Sanctioning powers	Board	Impact
	Leadership quality	

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Formal powers relate to the legal framework which can usually not easily be influenced by the SAI. Independence, the autonomy of the SAI to decide what to audit, when and how to perform an audit, all are usually stipulated in laws, regulations, decrees etc.

Exercise of powers refers to how the SAI uses its account holding power in practice. How often does the SAI exercise



its formal accountability powers, how many audits are performed and are they effective?

Organizational power refers to the resources the SAI has to hold the executive to account. These include having a clear strategy and mission, having and building expertise of the staff, the adoption and implementation of professional standards, participation in established regional and international networks, such as CAROSAI and INTOSAI are areas SAI's, especially those in SIDS, can work at to strengthen their accountability power.

SAI Aruba

Having **professional standards** is very important for accountability to function well. SAI Aruba's journey in shaping its strategic direction with the SAI Performance Management Framework which is actually a tool to strengthen its accountability powers.

SAI Aruba - shaping strategic direction with SAI PMF

Starting amidst the COVID-19 pandemic in 2020, SAI Aruba undertook a comprehensive SAI Performance Measurement Framework (PMF) assessment.

The **primary goal** was to establish a **baseline measurement** of our performance, identify strengths and weaknesses and ultimately take actions for improvement.

The assessment covered all facets of the organization

- Legal frameworks
- Audit work



- Corporate governance
- Financial assets management
- Human resources
- Communication management

The process took us approximately 16 months

- Basic online methodology training May 2020
- Assessment start July 2020
- Assessment concluded July 2021
- Report published August 2021.

Table SAI PMF

RESULTS	ACTIONS	ACTIONS
1. Low Audit Coverage	A. Development of SMART Strategic and Operational plan (SPMR Initiative)	B. Updating our SAI legislation → Financial independency → Appoint and remunerate staff
2. No guarantee on the Quality of Audit Reports and Recommendations	A. Collaboration with SAI Netherlands for support in several areas of improvement B. Audit software program / implementing audit manuals	C. Development of educational plan D. Implementation appointing internally Project Audit Leaders
3. Follow up on Audit Recommendation	A. Monitoring and follow up included in our audits process	-
4. Limited Engagement with Stakeholders / Moderate Audit Publication	A. In the process of developing a Communication Strategy Plan	→ In cooperation with University of Aruba
5. Limited Independency in the Legal Framework	A. In the process of updating our SAI legislation	-



In this table are the results on the left, and in the next two columns the actions taken so far. The SAI PMF assessment played a fundamental role in shaping SAI Aruba's strategic direction, and subsequently initiated a systematic capacity-building process – or **an accountability power building process** as the correction action plan.

The small size and limited resources of SAI Aruba were a great challenge. The SAI PMF took 50% of the audit capacity and created the awareness that SAI's of Small Islands Developing States (SIDS) like Aruba are not and will not be equipped to fully adopt and implement the International Standards for SAIs which are tailored for larger SAIs. "It's not a one size fits all".

Post-SAI PMF assessment

In agreement with the SDG principle of inclusivity, it's important to consider professional standards within the INTOSAI Framework for Professional Practice that are tailored to small islands states.

This is crucial for achieving a higher level of adherence to quality standards among small island SAIs, thus improving their accountability powers as watchdogs

And we are on the way to achieving that

The XII CAROSAI Congress held in Aruba in May 2022 addressed challenges faced by small island SAIs. All members of CAROSAI are classified as SIDS.

The discussions held at the CAROSAI Congress ultimately led to the unanimous adoption of the CAROSAI motion on small island SAIs during the meetings of the INTOSAI Capacity



Building Committee, Donor Cooperation and the International Federation of Accountants in Jamaica in June 2023.

At this moment the INTOSAI Capacity Building Committee (CBC) is conducting a research project amongst CAROSAI members and other SAIs aiming at identifying solutions to the challenges faced by SAIs in SIDS and those operating in complex and challenging contexts to adhere to international auditing standards.

4. Concluding remarks

As accountability watchdogs SAIs should work on strengthening their accountability powers, but also be vigilant of and intentional of their own accountability and transparency. As professor Bovens puts it:

“Basically, Without Accountability, No Democratic Control”

