

Building strong regions

Key characteristics of an effective regional capacity building capability

In addition to this occasional paper the INTOSAI Capacity Building Committee has produced a series of guides. These guides have been written by members of the Capacity Building Sub-committee 1, chaired by the UK National Audit Office. This guide is part of a series being produced by the INTOSAI Capacity Building Committee. The series comprises:

- 1 Building capacity in Supreme Audit Institutions: A Guide;
- 2 Introducing professional qualifications for Audit Staff: A guide for Supreme Audit Institutions;
- 3 Peer Review Guide with Peer Review Checklist;
- 4 How to increase the use and impact of audit reports: A guide for Supreme Audit Institutions;
- 5 Human Resource Management: A Guide for Supreme Audit Institutions; and
- 6 Implementing the International Standards for Supreme Audit Institutions (ISSAIs): Strategic considerations.

The guides are being progressively translated and copies of many of the guides are available in Arabic, Chinese, French, German, Portuguese, Russian and Spanish – see <http://cbc.courdescomptes.ma/>



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Background

The International Organisation of Supreme Audit Institutions (INTOSAI) operates as an umbrella organisation for the external audit community. INTOSAI aims to enable its member SAIs to provide a professional public sector audit service to their respective countries.

Institutional capacity building is one of the four goals of INTOSAI. In its endeavour to facilitate capacity building programmes for its members, seven regional working groups have been created. In addition, committees, technical working groups and task forces are created to supplement and support the work of regional working groups.

Given the extent of membership and the diversity, effective and efficient regional working groups are vital to enable INTOSAI to achieve its capacity building objectives.

Purpose of this paper

Developments in the regional working groups are shared at the annual meeting of the Sub-committee 1 of the INTOSAI Capacity Building Committee. The purpose of this paper is to capture the key themes which could contribute to effective capacity building capability in the regional working groups, as discussed at the 2012 meeting of the Sub-committee.

Current regional working group environment

Currently, five of the seven regional working groups are using English as their business language, whilst two regions have adopted Arabic and Spanish. The African region is covered by three language groups, namely Arabic (i.e. ARABOSAI), English (AFROSAI-E) and French (CREFIAF). Regions also operate with different SAI models, such as the “Westminster” or “court” systems. It is therefore obvious that the needs of regions will differ from each other. Most of the regions have annual activities that are predominantly focused on knowledge sharing and training interventions. The commonalities between regions are that most of them provide an administrative service to their members, such as arranging conferences and training events. In addition, some regions provide an executive service, such as developing template manuals, offering support and advisory services, conducting research programmes and more general capacity building activities.

To administer these training and capacity development activities, the regions have established secretariats hosted and supported by a member SAI. The strength of these secretariats varies widely, with some receiving substantial support from regional SAIs, from SAIs with their own capacity building budgets and from agencies involved in international development. However, some regions have found it far more difficult to garner external support and the nature and volume of support they can provide to their member SAIs is much less.

As INTOSAI rolls out key global initiatives, such as the International Auditing Standards for SAIs (ISSAIS), there is a real risk that the less well-supported regions will not be able to respond to the development needs of their members.

Guidance for capacity building capability of regional working groups

Given the differences in structures, operating environment and limitations of regional working groups, it is not possible to design or compile a template for building the capacity of regional working groups, but experiences suggests that to be effective regional working groups need to address the following:

- **Mandate and legal framework** The mandate of a regional working group should be agreed by all members and properly constituted in their statutes to provide a framework for their existence. Key issues that should be considered are:
 - Objectives of the Regional Working Group;
 - Principles underpinning how they intend functioning;
 - Membership, including membership fees;
 - Responsibilities of member SAIs;
 - Governance and oversight structures – including how long members of Governing Boards should serve, and processes for replacement;
 - Secretariat – including the seat, roles and responsibilities, delegated authorities;
 - Responsibilities of, and contributions from, the SAI hosting the secretariat;
 - Financial provisions, including authority to issue financial regulations;
 - Audit of accounts; and
 - Annual reporting, including financial statements and performance.

- **Organisation and management** To provide for an effective and responsive organisation it is essential to consider a proper governance structure in accordance with the needs and expectations of a region. Governing Boards with an elected limited-term chairperson should ensure that leadership is based on competencies. Governing Boards should also be structured in accordance with good governance principles. A properly resourced secretariat hosted and supported by a committed, well positioned and resourceful SAI, is essential to ensure a high level of performance. The hosting SAI should be elected by members in accordance with agreed criteria. Secretariats should be resourced with competent leadership to head the organisation. Staff of the secretariat should be dedicated and competent people seconded by the hosting SAI, member SAIs or other partners or recruited through open and transparent processes. Secretariats should be empowered to operate with an approved organisational structure supported by financial and other regulations.

A well designed, needs driven corporate plan approved within the governance structure should guide the operations of a secretariat.

Performance of the secretariat, as well as member SAIs, should be reviewed and reported to a Governing Board annually. Reports approved by a Governing Board should be made public.

- **Financial and other resources** A regional organisation should be adequately and realistically resourced in accordance with the regional needs. Sources of financial support could include:
 - **Membership contributions** The INTOSAI basis could be useful or a GDP-based membership fee structure should be considered. The ability of member SAIs to pay membership fees should be carefully considered.
 - **Financial in-kind contributions** In-kind contributions in addition to membership contributions by resourceful governments and other regional organisations should be actively explored. This could be facilitated by Auditors General and top management of member SAIs.
 - **Donor contributions** Proper structures and realistic submissions supported by the organisational objectives and corporate plan should be compiled to engage with donor communities who are active in a region. Regular interventions and interaction with the donor community is essential to facilitate agreements. This should also be the joint responsibility of the secretariat and member SAIs.
 - **Partnerships** Several developed SAIs have been funded directly to support developing SAIs and may be able to use some of their resources to assist SAIs at a regional level. These opportunities should be explored by regional groups to engage in partnership and to secure short- and long-term subject matter experts to assist with the execution of regional programmes or projects. Even where more developed SAIs do not have their own resources to engage directly with regions they may be able to provide other advice and support – sharing materials, quality assuring draft audit reports or hosting inward study tours.

- **Contributions in kind** Member SAIs contribute substantially by hosting the secretariat as well as events such as meetings, conferences, etc. Regional subject matter experts may be used for regional interventions without compensation for services rendered. These contributions should be calculated and disclosed in the annual reports of the organisation to reflect the regional contribution in relation to contributions from donors and other partners.

Other key partnerships

Role of the IDI The IDI provides a range of support as well as financial and other resources to regions. Regions should explore opportunities with their IDI representatives and involve the IDI in regional activities.

Role of the INTOSAI Capacity Building Committee The INTOSAI Capacity Building Committee is to promote capacity building and to identify and disseminate best practices. It works closely with all regions to provide a forum for sharing experiences, disseminating information across INTOSAI and with other partners, and developing and disseminating resources where there are gaps. It has developed a series of guides to help SAIs and regions and, working in partnership with IDI, has funding for regional workshops on the guides (<http://cbc.courdescomptes.ma/>)

Role of the INTOSAI: Donor Co-ordination Steering Group The INTOSAI Donor Co-operation is a vehicle for INTOSAI and development agencies to share information, expand support for developing SAIs, and drive up the quality of capacity development provision. It is supported by a secretariat based in IDI. Key initiatives of relevance to regions include the database on past, current and planned capacity building projects (www.SAIdevelopment.org), the 3i programme to provide support to the regions on the roll-out of the ISSAIs and an annual global call for funding proposals. More opportunities for regional working groups to engage with the donor community are available through this structure.

Products and services

Regional working groups are created to provide products and services in accordance with their mandate as well as the needs of member SAIs. Regular needs assessments and interaction with heads of SAIs should be the key focus of a secretariat. That entails proper planning based on long- and short-term measurable objectives with due consideration of available capacity and financial resources.

Secretariats should position themselves as the most preferred provider of public sector audit services to their members to ensure that they remain relevant.

In developing new resources and products, regional working groups should be careful to not duplicate products that already exist within the SAI network. It may be that INTOSAI or another region has developed an identical product that, with minor adjustment, may assist member SAIs. This may be particularly the case in terms of electronic-based learning programmes.

Alternatively, there may be a gap and a need for a product across all regions – in which case working across regions may be more cost effective.

The range of services that regions provide to their members is extremely wide. However, these may include:

- **Capability assessments** – these are formal arrangements to assess the capability of individual SAIs and to monitor progress over time, usually based on some form of peer review. Increasingly, such assessments will be based around the Performance Measurement Framework being piloted through the INTOSAI:Donor Secretariat;
- **Template audit manuals and guidelines** – some regions have developed template financial, compliance and performance audit manuals, which individual SAIs and regions can use and adapt to their own individual circumstances;
- **Conferences** – most regions run regional conferences every three or so years to provide formal opportunities for senior SAI officials to exchange best practices and in some cases update strategic plans and agree regional developmental priorities. At times such events will coincide with events organised by key partners, for example, parliamentary oversight committees, to benefit from synergies;
- **Master classes and other targeted training opportunities** – most regions run a range of training initiatives to help staff at different levels within the SAIs share experience and develop new skills. The breadth of events offered ranges over all aspects of managing SAIs, strengthening audit and dealing with external stakeholders. In some cases these activities are highly structured, involving advance work to develop curriculum and post-workshop follow-up to help ensure that new learning is applied. These activities may be delivered face-to-face, electronically or, increasingly, by using a mix of media;
- **Technical updates** – in a rapidly changing environment SAIs specialists need regular access to developments in auditing standards and practices. By organising such updating at a regional level it can take some of the knowledge management pressure off individual SAIs. Regions should endeavour to share experiences by attending updates and to jointly engage in development projects; and
- **Joint or parallel audits** – audit design and planning can be an expensive activity, especially in fields where individual SAIs lack expertise. By carrying out cross-regional audits, SAIs can share costs and pool knowledge and expertise.

Monitoring results

Regional organisations should have mechanisms in place to review progress on their capacity building activities annually. This should not only focus on the performance of the secretariat but also design a system to track progress on capacity building initiatives by all member SAIs. Reports could be published on websites.

Communication and stakeholder management

Given the environment in which a regional organisation is operating, due consideration should be given to a communication policy and strategy. Technologies such as a website and mobile devices should be included in communication strategies. Making links to other INTOSAI regional websites can be helpful and reduce risks of unnecessary duplication.

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Further copies of this occasional paper are available on
the INTOSAI Capacity Building Committee website:
<http://cbc.courdescomptes.ma/>

