

# Recover Forward: Supporting Supreme Audit Institutions in Promoting Sustainable Recovery from the COVID-19 pandemic

Recommendations for German Development Cooperation



As a federally owned enterprise, GIZ supports the German Government in achieving its objectives in the field of international cooperation for sustainable development.

Published by: Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Registered offices Bonn and Eschborn, Germany

Friedrich-Ebert-Allee 32 + 36 53113 Bonn T +49 228 4460-0 F +49 228 4460-17 66

Dag-Hammarskjöld-Weg 1-5 65760 Eschborn T +49 61 96 79-0 F +49 61 96 79-11 15

E info@giz.de I www.giz.de/en

### Author:

Inga Sinjikashvili

GIZ Sector Programme "Good Financial Governance"
GIZ Sector Project "2030 Agenda for Sustainable Development,
Reducing Poverty and Inequality"

Design/layout:
DIAMOND media GmbH, Neunkirchen-Seelscheid

Bonn 2022



### Table of contents

Recommendations for German Development Cooperation	4
Continuing and intensifying the support of SAIs –	
during and after the crisis - should be a priority concern of GDC	6

### List of tables, boxes and figures

Recommendations for supporting SAIs' response to	
the COVID-19 pandemic"	7
Recommendations for GDC to strengthen SAIs contribution	
to long-term recovery (Recover Forward)	8

# RECOMMENDATIONS FOR GERMAN DEVELOPMENT COOPERATION

The COVID-19 pandemic is far more than a health crisis: it is affecting societies and economies at their core. Acknowledging the situation, German development cooperation (GDC) is re-aligning its development cooperation instruments to support partner countries getting on a path in recovering forward building more inclusive and sustainable economies and societies that are resilient in the face of pandemics, climate change and other global challenges in accordance with the realisation of the 2030 Agenda and Sustainable Development Goals (SDGs). "Public finance management" is one of the cooperation areas with a particular potential for catalysing sustainable development.

Supreme Audit Institutions (SAIs) are independent bodies tasked with overseeing the use of public resources. They are uniquely placed to support partner countries' responses to the COVID-19 pandemic in the sense of "recover forward". SAIs audit state finances, and, according to their mandate, also finances of public enterprises, local governments etc. Governments are obliged to react to their recommendations, by measures that improve public administration directly, or by answering the public in parliamentary hearings. Thus, SAIs contribute to the effective and efficient use of public funds and to government's accountability. Their work is oriented by international standards postulated by the International Organization of Supreme Audit Institutions (INTOSAI). With auditing the performance of government entities, they can make meaningful contributions to climate and biodiversity loss protection, green recovery, policy coherence, strengthening inclusiveness, and the implementation of priority-based budgeting such as green, gender and equity-based budgeting. Depending on their mandate and its interpretation, they foster the prevention of fraud and corruption, and public participation. Thus, they enable effective decision-making by government and parliament and contribute to sustainable development.

Development partners play a key role in supporting the work of SAIs. GDC can draw on over 30 years of experience in the field of Good Financial Governance (GFG), where it currently supports over 30 partner countries through financial and technical cooperation. Overall, the

commitment for ongoing projects of technical cooperation to improve public financial management, including strengthening external financial control, stands at around €268 million¹. Ongoing projects of the financial cooperation amount to €140 million and further €91 million which are being implemented within the framework of funding approaches². Support to Supreme Audit Institutions is an essential part of GDC's promotion of GFG and currently support is provided³ through cooperation projects in around 16 countries as well as regional organisations in Africa (through the African Organisation of Supreme Audit Institutions – AFROSAI) and Latin-America and the Caribbean (with the Organisation of Latin American and Caribbean Supreme Audit institutions – OLACEFS).

<sup>1</sup> Retrieved December 2021

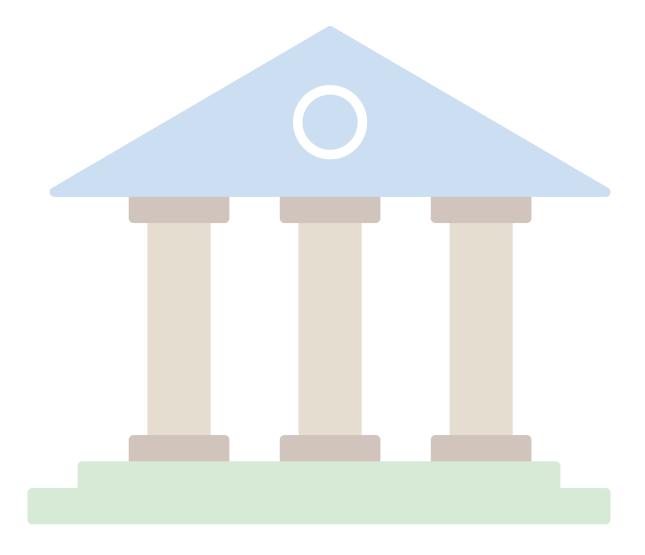
<sup>2</sup> Retrieved December 2021

<sup>3</sup> Retrieved June 2021

Continuing and intensifying the support of SAIs - during and after the crisis - should be a priority concern of GDC.

For this, GDC can build upon valuable cooperation frameworks and approaches in view of GFG and external oversight. This includes financial and technical support as provided through GFG programmes, programmes strengthening external oversight, the BMZ "2030 Implementation Initiative" respectively the "Recover Better Support Programme" as well as Climate, Environment, Natural Resources Management Support Programmes (via the integration of the PFM pillar).

In order to inform further efforts of GDC supporting SAIs, several recommendations have been identified – those which cover the work of SAIs responding to the COVID-19 pandemic as well as long-term recommendations to strengthen external oversight systems.



# Recommendations for supporting SAIs' response to the COVID-19 pandemic



- In times of crisis, which might include lock-down measures, limitations in staff capacities and financial constraints, SAIs will need to enhance their strategic management processes and become more agile to minimise risks to their institution and work. Technical assistance is needed in the field of the SAIs' strategic management to support SAIs' resilience and business continuity, to examine risks and opportunities, as well as the potential strategic challenges.
- Where lockdown measures and social distancing are in place, SAI staff must have the capability to work remotely from home. However, in many cases SAIs may not have the necessary IT infrastructure. Therefore, financial assistance is needed for ensuring SAIs access to IT infrastructure and enabling remote working.
- Since swift but accurate actions of SAIs are imperative during the COVID-19 pandemic, revising audit planning related to audit risks and audit priorities is key. More flexible (agile) audit approaches could, for instance, be integrated through real time audits on emergency procurements or socio-economic relief packages as well as IT auditing on business continuity of main public services and the use of information communication technology (ICT) in governments. Technical support and capacity development measures would leverage the efficiency in the area of audits.

- Clear and regular internal and external communication is necessary but can suffer during emergency situations. Hence, SAIs should be supported in their communication with government, parliament, national anti-corruption agencies, CSOs and media as well as SAIs' visibility, including through the development of ICT tools such as a COVID-19 cost tracker or COVID-19 accounts to track the government's financial measures to combat the COVID-19 pandemic.
- A shock is a rarely occurring and intense phenomenon that is unavoidably connected with a lack of knowledge and experience. Collaborating and quickly exchanging experiences is key. Hence, SAIs participation in international knowledge exchange formats such as the INTOSAI Development Initiative audit and capacity development projects dedicated to COVID-19 response should be encouraged.
- Emergency situations can lead to basic control systems being neglected or bypassed, which weakens financial oversight and accountability systems. SAIs' role in strengthening accountability should be supported through policy dialogue, encouraging governments to review audit findings, for example, of health-related procurement.

# Recommendations for GDC to strengthen SAIs contribution to long-term recovery (Recover Forward)



### 1. Capacity development of public auditors:

- There is an increased risk that fraud controls are compromised when the government prioritises pandemic emergency measures. To mitigate this risk, it is important to ensure fraud and corruption audits of COVID-19 recovery funding.
- The COVID-19 pandemic has forced SAIs to move towards more agile audit processes. Digital technologies can help to enhance the timeliness and effectiveness of governments' decision towards sustainable recovery. This includes the integration of innovative digital tools, especially in IT auditing. Examples for such practices would be Artificial Intelligence (AI) by auditing public procurement or geospatial technology (such as remote sensing) to collect audit evidence.
- A COVID-19 pandemic recovery process should be shaped sustainable and resilient, aligned with achieving the 2030 Agenda and the 17 Sustainable Development Goals (SDGs). Capacity development measures should focus in strengthening SAI roles in continuing the realisation of the SDGs through approaches such as SDG auditing, environmental audits or government preparedness audits assessing the national implementation of the 2030 Agenda.

## 2. Organisational development with respect to:

Supporting SAIs in adjusting their work approaches accounting for crisis management and preparedness. This includes revising existing long-term audit plans in order to account for rapid audits on COVID-19 recovery measures. Outside the common audit cycle, SAIs can be supported in devising short special audit reports.

- Providing support to SAIs to evaluate COVID-19 recovery measures through performance audits of national recovery plans.
- Supporting SDG audits that simultaneously consider the effects of the pandemic (e.g., performance audits related to resilience of public health systems (SDG 3.d), gender-based violence (SDG 5.2), and sustainable public procurement (SDG 12.7)). Moreover, this can include by linking existing audit approaches such as environmental audits or audits on gender budgeting to the SDGs and setting a target number for specific audits.
- Beyond the COVID-19 pandemic, partner countries have incorporated digital agendas in their policy portfolio. Digitalisation promises tremendous benefits, but also raises complex challenges. For SAIs to be able to cope with digital transformation they need to be subject to the same changes. GDC can support SAIs' digital transformation with assessment tools such as the SAI Information Technology Maturity Assessment (SAI ITMA) which assesses IT maturity to facilitate a broad perspective on how to improve the SAI's overall performance through technology and provide guidance for all relevant stakeholders to improve digital transformation.
- Strengthening SAIs' role in advancing sustainable development and the implementation of the 2030 Agenda, for example, through including SDG audits in annual audit planning and risk assessment processes, involving diverse local stakeholders in annual SDG audit planning, considering the SDGs in new and existing strategic objectives, and leveraging SDG audit follow-up capacities in SAIs.
- Encouraging and supporting SAIs participation in international working groups, for example, participating in INTOSAI Working Group on Environmental Auditing (WGEA) or in WGEAs of

INTOSAI regional organisations e.g., European Organisation of Supreme Audit Institutions (EUROSAI) and Asian Organization of Supreme Audit Institutions (ASOSAI).

### 3. Development of cooperation systems and enabling frameworks

- Supporting the communication skills of SAIs in times of crisis management and continues stakeholder engagement to ensure that the implications of the COVID-19 pandemic in terms of carrying out COVID-19 recovery measures are clear to stakeholder such as Government, Parliament, National Anti-Corruption Agencies, CSOs and Media.
- Building SAIs' relations with the academia and non-profit organisations, especially regarding

- strengthening awareness raising and accountability for corruption prevention, green recovery, gender equality and SDG implementation.
- SAIs may face serious challenges related to their independence and audit mandate in COVID-19 pandemic response as well as recovery phases. Support SAIs financial, organisational, and functional independence within political dialogue, as due to the possible budget cuttings, losing relevance and restricted mandate for auditing of special crisis funds or donor funded economic stimulus packages.
- At the political level, GDC and other development partners may encourage partner countries to establish audit mechanisms and/or bringing SAIs on board in assessing COVID-19 recovery plans to ensure that respective measures are transparent, inclusive, and accountable.

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Registered offices Bonn and Eschborn

E info@giz.de I www.giz.de