

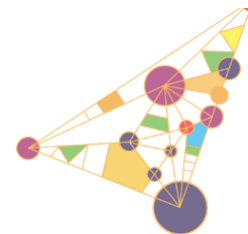
# XXIII INCOSAI 2019

23 – 28 September 2019

# MOSCOW DECLARATION



**Moscow**  
September 2019



## INTRODUCTION

In line with the INTOSAI mission of continuous progress of government auditing and capacity development of Supreme Audit Institutions (SAIs), the XXIII INTOSAI Congress (INCOSAI) develops the previous INCOSAI discussions and aims at ensuring the continued relevance of SAIs as institutions of great value to society.

XXIII INCOSAI was devoted to the discussion of how each SAI on a national level could relate to the public sector auditing developments and technological advancements to remain relevant, respond to the needs of stakeholders and add value by providing independent external oversight on the achievement of nationally agreed goals including those linked to the Sustainable Development Goals (SDGs).

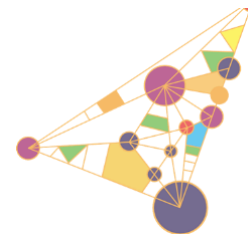
The Declaration highlights the main conclusions of XXIII INCOSAI and the key areas where progress can be made in INTOSAI.

To ensure value and benefits, SAIs and INTOSAI need to be able to apply new approaches and take advantage of opportunities to meet emerging challenges. SAIs need to respond to a changing world of governance and, in doing so, respond to emerging national and global challenges.

The fundamental changes in public auditing and public policy worldwide have created a new environment and new expectations for SAIs. These recent changes in the environment for SAIs include: (a) adoption of the 2030 Agenda for Sustainable Development (2030 Agenda) and the SDGs by all member countries of the United Nations; (b) the data revolution; (c) the adoption of the INTOSAI Framework of Professional Pronouncements (IFPP), and (d) expectations and obligations arising from ISSAI-P 12: Value and Benefits of SAIs - making a difference to the life of citizens. Modern circumstances call for a quality of audit work, new audit approaches and require SAIs to further rethink their role in the governmental accountability processes.

While SAIs differ in terms of their capacities, contexts, and mandates, they all face similar challenges. How to respond to the public demand for the effective and efficient management of public resources? How to cope with the complexity of government needed to achieve national goals, objectives of programs, policies and strategies? How can SAIs and INTOSAI handle changes brought on by data revolution and digitalization?

The constantly accelerating accumulation of data and rapidly changing developments in technology and communication serve both as challenges and opportunities to improve the quality of public audit, develop its efficiency, foster its strategic direction, and thus increase the value of SAIs to their stakeholders and enhancing trust in public institutions worldwide.



There is no common recipe to follow for SAIs to be agile, effective, relevant and independent institutions of great value. SAIs will continue pursuing financial, compliance, and performance audits consistent with their official mandates. SAIs conduct audit activities which are consistent with their official mandate and the expectations of SAI stakeholders. Nonetheless, the possible directions SAIs might focus on, consistent with their relevant contexts and mandates, can be supported by INTOSAI.

INTOSAI has well-established working bodies and initiatives that enable INTOSAI to address emerging challenges and opportunities. These work streams will constitute an integral part of the INTOSAI tasks, priorities and plans in the future.

### **Members of the International Organization of Supreme Audit Institutions (INTOSAI),**

having met in Moscow from 25 to 27 September 2019,

- recognizing the 2030 Development Agenda adopted by the General Assembly of the United Nations on 25 September 2015, and the Resolution of the General Assembly of the United Nations A/RES/69/228 “Promoting and fostering the efficiency, accountability, effectiveness and transparency in public administration by strengthening Supreme Audit Institutions”,
- reaffirming the commitment to make a meaningful independent audit contribution to the 2030 Agenda for Sustainable Development as set forth by the Abu Dhabi Declaration,
- acknowledging SAI independence as a fundamental precondition for an effective contribution to accountability, transparency, good governance, the sound use of public funds, and, ultimately, SAI value and benefits in line with ISSAI-P 12 and the INTOSAI 2017-2022 Strategic Plan,
- applying the INTOSAI Framework for Professional Pronouncements,

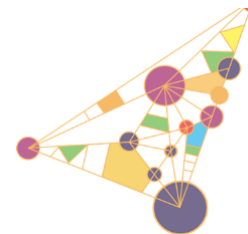
proclaimed that the future directions for public auditing depend on the SAIs’ and INTOSAI’s strong commitment to:

- I. providing independent external oversight on the achievement of nationally agreed targets including those linked to the SDGs,
- II. responding effectively to opportunities brought by technological advancement,
- III. enhancing the impact that SAIs make on public management accountability and transparency,

agreed on the following<sup>1</sup>.

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<sup>1</sup> Elaborations on the future directions of public auditing are included as an Annex to the Moscow Declaration



## PROVIDING INDEPENDENT EXTERNAL OVERSIGHT ON THE ACHIEVEMENT OF NATIONALLY AGREED TARGETS INCLUDING THOSE LINKED TO THE SDGs

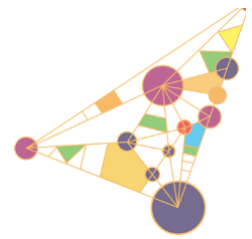
1. SAIs are encouraged to contribute to more effective, transparent and informative accountability for outcomes, keeping in mind the complexity of government efforts needed to support the achievement of national priorities and the SDGs.
2. SAIs are encouraged to develop a strategic approach to public auditing to support the achievement of national priorities and the SDGs.
3. SAIs can enhance the value of public auditing by extending the provision of audit-based advice on important and strategic issues of parliament, government and public administration.

## RESPONDING EFFECTIVELY TO OPPORTUNITIES BROUGHT BY TECHNOLOGICAL ADVANCEMENT

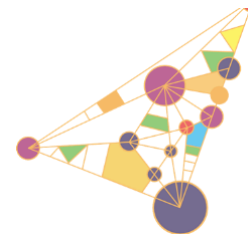
4. SAIs could promote the principle of availability and openness of data, source code and algorithms
5. SAIs could aim to make better use of data analytics in audits, including adaptation strategies, such as planning for such audits, developing experienced teams for data analytics, and introducing new techniques into the practice of public audit.

## ENHANCING SAIS' IMPACT

6. SAIs can foster an experimental mindset to enhance innovation and development.
7. SAIs may extend the focus on (a) identifying risk areas of national and international interest and raising awareness of risks; (b) the need for managing systemic risks in the government, in addition to operational, enterprise and other risks of a single entity.
8. SAIs are encouraged to nurture the auditors of the future who can employ data analytics, artificial intelligence tools, and advanced qualitative methods, enhance innovation; and act as strategic players, knowledge exchangers, and producers of foresight.
9. SAIs should consider finding more ways to address inclusiveness when conducting audits as a key point of the 2030 Agenda with its principle of leaving no one behind and other development agendas.
10. SAIs can increase their positive impact by establishing productive interaction with the auditee, and enhancing cooperation and communication with the academic community and public in general.



Achieving this vision requires commitments by each individual SAI as well as collaborative support for SAIs from all INTOSAI bodies, such as the Goal Committees, the Working Bodies, the Regional Organizations, the IDI, the International Journal of Government Auditing, and the General Secretariat. Multilateral and bilateral cooperation among SAIs will continue to play an especially important role in helping SAIs remain relevant.



## ANNEX

### ELABORATIONS ON THE FUTURE DIRECTIONS OF PUBLIC AUDITING

#### PROVIDING INDEPENDENT EXTERNAL OVERSIGHT ON THE ACHIEVEMENT OF NATIONALLY AGREED TARGETS INCLUDING THOSE LINKED TO THE SDGs

**1. SAIs are encouraged to contribute to more effective, transparent and informative accountability for outcomes, keeping in mind the complexity of government efforts needed to support the achievement of national priorities and the SDGs.**

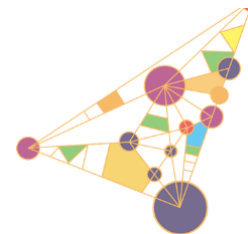
##### *Key statements*

- New global and national goals require employment of performance-based and results-oriented public management to hold governments accountable to parliament and the public.
- SAIs are encouraged to promote accountability based on professional responsibility, trust, and a balanced approach to performance assessment. Outcome-oriented accountability is harder to capture, and many public managers are still acquiring the skills of performance-based budgeting and setting of non-financial performance objectives and outcomes.
- SAIs may need to pay particular attention to linking performance measures to complex outcomes.
- When relevant, SAIs may focus on assessment of complex outcomes and impacts when auditing individual programs or public entities.
- In line with a whole-of-government approach to auditing, SAIs may help bring light to efforts at different levels of government so that these efforts are aligned with key indicators (local, regional, and national indicators that are related to the SDGs).

**2. SAIs are encouraged to develop a strategic approach to public auditing to support the achievement of national priorities and the SDGs.**

##### *Key statements*

- INTOSAI aims to support SAIs in making a decisive contribution to the success of the 2030 Agenda, and thereby help make a difference in the lives of citizens in accordance with ISSAI-P 12.
- Both national goals and the SDGs can hardly be achieved without joint efforts across public entities, different levels of government, and society.

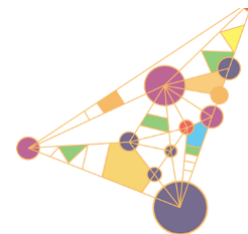


- SAIs are encouraged to consider a role as a strategic contributor to the governance while retaining their independence. Their independence, unique view on the budget cycle, and accumulated knowledge can contribute to achieving long-run national goals.
- All SAIs, within their mandates, could contribute to the achievement of national goals by fostering further a strategic approach to auditing, which implies among others: (1) conducting audits in a coordinated manner and linked to the assessment of government's ability to achieve its goals; (2) assessment of the systems' maturity that pinpoints strategic governance - setting objectives, aligning strategies to national goals, and providing feedback and proper controls.
- SAIs could assess coordination across different levels of government to evaluate synergies among public programs, policies, and strategies. If legal mandate and context allows, SAIs are well-positioned to assess policy coherence and concentrate on cross-cutting issues and approaches, and a whole-of-government perspective.

**3. SAIs can enhance the value of public auditing by extending the provision of audit-based advice on important and strategic issues of parliament, government and public administration.**

*Key statements*

- Through their audit recommendations, SAIs may fulfill their advisory role without compromising their independence, i.e. without becoming engaged in the management or operations of an audited entity.
- SAI's advisory activities could be delivered in a way that heeds the call of the Beijing Declaration while exemplifying and promoting the principles of the Lima and Mexico Declarations (ISSAI-P 1, ISSAI-P 10).
- SAIs must protect their independence and position by avoiding interference in the decision- and policy-making process, and management functions of the government but can add value in addressing strategic, complex and sensitive topics through providing recommendations
- The provision of advice should be based on evidence and audit recommendations, grounded in SAIs' independent institutional positions, unique accumulated knowledge and professional judgement.
- Non-audit products of SAIs could increase the value of SAIs in promoting good governance through the dissemination of expertise and best practices.



## RESPONDING EFFECTIVELY TO OPPORTUNITIES BROUGHT BY TECHNOLOGICAL ADVANCEMENT

### **4. SAIs could promote the principle of availability and openness of data, source code and algorithms**

#### *Key statements*

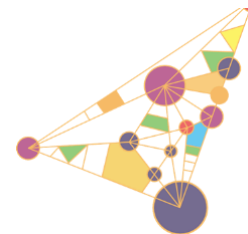
- More and more data generated by public administrations is being made available in open formats. This creates a new information environment for everyone, and can contribute to greater transparency as well as support government accountability.
- SAIs could play an important role in informing and guiding governments regarding the benefits of public data openness. SAIs could promote the principle of availability and openness of data produced by the government if it is not ruled out by confidentiality laws or privacy concerns.
- SAIs could promote openness of automated decision-making systems used by government under principles of open source code and open data.
- SAIs should facilitate a discussion about the publication of SAIs' results in an open data format, when appropriate.

### **5. SAIs could aim to make better use of data analytics in audits, including adaptation strategies, such as planning for such audits, developing experienced teams for data analytics, and introducing new techniques into the practice of public audit.**

#### *Key statements*

- Use of data analytics in SAIs is a necessary innovation that makes data a resource for promotion of the efficiency, accountability, effectiveness and transparency of public administration.
- The unique position of SAIs within the public sector enables them to collect large amounts of data from audited entities. Employment of Big Data analysis techniques through the auditing process, enables SAIs:
  - to synthesize data obtained from different departments, fields, government levels and regions, which enables the synthesis of obtained data to find solutions to whole-of-government problems;
  - to combine on-site, off-site and mixed data collection approaches to provide regular data updates and enable real-time monitoring of overarching issues and major risk areas.





- SAIs could benefit from conducting Big Data analytical research at the preliminary stage of audits. It will shorten field work time and allow for regular monitoring of follow-up.
- SAIs could benefit from extending research studies and enhancing their in-house methodological work to apply sound and appropriate research methods. SAIs could also engage academic institutions to conduct cooperative research.
- By strengthening cooperation among SAIs and relevant international organizations, INTOSAI can summarize Big Data audit experience and knowledge, develop relevant guidelines and research reports, and encourage SAIs to build up their Big Data audit capabilities.

## ENHANCING SAIS' IMPACT

### 6. **SAIs can foster an experimental mindset to enhance innovation and development.**

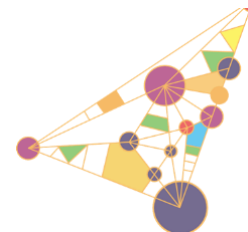
#### *Key statements*

- To lead by example, SAIs could enhance their innovative and experimental capacities, i.e. include learning, testing and evaluating phases in some parts of their work. Experimental approaches in SAIs could accelerate learning and build capacities by systematically establishing and testing assumptions, and identifying knowledge gaps.
- SAIs could support more efficient use of experiment-based knowledge in society and more thorough incorporation of experimentation into government programs, strategies and policies.
- Experimentation in public policy aims to find innovative ways to deliver results. To tackle complex issues and deliver better results, SAIs can support experimental approaches. Finding out what works and what does not work in public policy informs understanding the effectiveness of interventions.

### 7. **SAIs may extend the focus on (a) identifying risk areas of national and international interest and raising awareness of risks; (b) the need for managing systemic risks in the government, in addition to operational, enterprise and other risks of a single entity.**

#### *Key statements*

- SAIs are encouraged to take a high-level view of their government's goals, identify significant and systemic risks to the delivery of results, and provide recommendations on how these risks can be mitigated.
- SAIs might consider establishing foresight groups and begin to provide products with a foresight perspective to bring together analysis of audit and non-audit activities.



- SAIs should continue to ground their decisions on risk management programs designed to anticipate audit risks and avoid ruling out relevant subjects that should be included in the audit plans.
- Risk management should become a regular management practice of SAIs.

**8. SAIs are encouraged to nurture the auditors of the future who can employ data analytics, artificial intelligence tools, and advanced qualitative methods, enhance innovation; and act as strategic players, knowledge exchangers, and producers of foresight.**

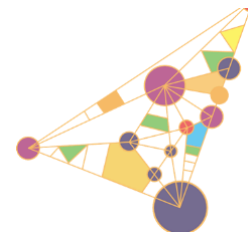
*Key statements*

- To ensure professionalization of their staff is a key objective. Competencies and skills of auditors are SAIs' main asset.
- Changes in the audit environment and stakeholder expectations shape new and existing requirements for the skill sets of SAI's auditors:
  - strategic thinking - feasibility analysis, hypothesis-driven thinking, identifying causal relationships, goal orientation, foresight, strategic planning, systems thinking, prioritization;
  - data analytics skills - working with datasets and databases, data visualization, and the presentation of complex data;
  - soft skills - effective communication, emotional intelligence, building and maintaining trust based on professionalism, leadership, abilities to build consensus.
- To strengthen analytical potential, SAIs may establish analytical units to address particular problems (e.g., understanding of risks and risk-management, program evaluation etc.).

**9. SAIs should consider finding more ways to address inclusiveness when conducting audits as a key point of the 2030 Agenda with its principle of leaving no one behind and other development agendas.**

*Key Statements*

- SAIs could benefit from their crosscutting expertise and contribute to good governance and policies' inclusiveness in socially important SDG-related areas (environment, education, healthcare, gender equality, etc).
- SAIs can contribute to the principle of 'leave no one behind' by auditing gender equality and inclusiveness topics. In auditing gender and inclusiveness, it is critical to agree on its meaning in national contexts and clarify its implications for implementation of 2030 Agenda and the SDGs.



- SAIs could assess preparedness of national statistical systems to monitor national targets and SDG implementation by conducting audit of related performance information.
- SAIs could consider assessing inclusion as they examine preparedness of national implementation mechanisms, government goals, performance information, and the implementation of specific SDGs and nationally agreed targets, etc.

**10. SAIs can increase their positive impact by establishing productive interaction with the auditee, and enhancing cooperation and communication with the academic community and public in general.**

*Key Statements*

- Interaction with the auditee is crucial to explain and clarify SAIs' recommendations and facilitate their implementation.
- SAIs can benefit from effective communication between the SAI and its stakeholders that enhances the SAI's ability to identify and analyze matters of national interest for informed decision-making on a program, project or activity.
- SAIs could enhance their communication with expert and academic communities - a valuable source of relevant information and evidence-based analysis. SAIs should continuously strive to develop further their methodological approaches and techniques.
- SAIs can also benefit from engaging citizens through crowdsourcing, data science meetups and contests etc. Public engagement tools catalyze inspiration in the public, increase public trust, enable concentration of mutual efforts, and encourage innovative solutions to public challenges.