THE ROLE OF SUPREME AUDIT INSTITUTIONS IN PROMOTING GOOD GOVERNANCE

“In virtually all jurisdictions, the public sector plays a major role in society, and effective governance in the public sector can encourage the efficient use of resources, encourage accountability for the stewardship of those resources, improve management and service delivery, and thereby contribute to improve people's lives. Effective governance is also essential for building confidence in public sector entities – which is in itself necessary if public sector entities are to be effective in meeting their objectives.” (International Federation of Accountants (IFAC) Corporate Governance in the Public Sector: A Governing Body Perspective, 2001).

2.1 Organisations responsible for external audit of government accounts and activities are referred to as Supreme Audit Institutions (SAIs). Most SAIs are headed by the Auditor General who reports directly to Parliament.

One of the tasks in the road to the development of democracy and rule of law is to enhance good governance and reinforce the government executive ability and public trust.

In a democracy, the people of a nation entrust the management of the nation’s resources to their elected representatives. These representatives in turn entrust the management function to the Executive arm of the Government. Annually, Parliament approves a budget for the Executive for the administration of the state business. At the end of the fiscal year, the Executive is required to render an account of its stewardship to Parliament. Since Parliament cannot verify the accounts submitted by the Executive, the Auditor General is mandated by the Constitution of the country to audit these accounts and report its findings to Parliament.

Parliament relies on the Auditor-General to provide independent assurance that governmental activities are carried out, and accounted for, consistent with Parliament's intentions. The role of the Auditor-General is therefore an important element of helping to maintain the integrity of any system of government. The Auditor-General ensures that Parliament has access to independent audit information as part of the framework of accountability and scrutiny of the Executive Government.

The report of the Auditor General on the reasonableness and fairness of the accounts assures the nation that the resources approved by their representatives have been utilised for the purposes intended. The Auditor General also undertakes value for money audits to inform the executive about the economy, efficiency and effectiveness with which projects have been executed. This latter audit affords Government the opportunity to improve on its performance.

As the government exercises the power of managing the economy and the society on behalf of the people, it must respect, abide by, and safeguard laws, and stick to the principle of administration according to law. Audit institution, as an important part of the administrative oversight system, plays an important role in pushing forward law-based administration and building government ruled by law.
Building low cost, high efficiency government is an important objective for modern public management. In recent years, governments have been taking a series of steps to reduce administration cost and improve the administration efficiency. As a response to this requirement, SAIs have intensified audits over government and other financial revenues and expenditures, and meanwhile promoted performance audit in a gradual way.

2.2 Openness and transparency of administrative actions

Accountability, transparency and open information systems are an important aspect of good governance, and transparent decision-making is critical for the public sector to make sound decisions and investments. Accountability and the rule of law require openness and good information, so that higher levels of administration, external reviewers and the general public can verify performance and compliance with law.

*The principles of good governance – transparency and accountability; fairness and equity; efficiency and effectiveness; respect for the rule of law; and high standards of ethical behaviour – represent the basis upon which to build open government.* (Organisation for Economic Co-operation and Development (OECD) Policy Brief, Public Sector Modernisation Open Government,” 2005.)

The public expects that those responsible for handling public money are held fully accountable for the use of that money. Making audit results transparent enables the public to understand how government departments are performing their duties and whether the performance of these departments are being improved. It is an important channel through which the public watches and monitors government revenues and expenditures.

2.3 Promoting Good Governance

By providing oversight, insight, and foresight services, SAIs help ensure that government officials manage public fund and other government resources transparently, fairly, and honestly, with equity and probity, while conducting their own work using the highest standards of integrity.

*Oversight*

Good governance requires continuing oversight to ensure that policy is implemented as intended, strategies are met, and the overall performance of the government meets expectations and needs within policy laws and regulations. SAIs assist Government in exercising oversight by evaluating whether government entities are doing what they are supposed to do, spending funds for the intended purpose, and complying with laws and regulations. It is also the responsibility of SAIs to evaluate the efficiency and effectiveness on the implementation of programmes and activities of the Government, to ensure compliance with environmental standards and to promote good governance.
**Insight**

SAI Mauritius provides insight to assist auditees and other decision-makers by assessing which programmes and policies are working and which are not, providing feedback to adjust policies and by sharing best practices information.

By conducting their work systematically and objectively and drawing conclusions based on evidence, SAIs provide a fair description of problems and weaknesses, their impact and responsibilities and combine them with useful recommendations.

**Foresight**

The risk-based audit approach focuses the audit on the organisation’s overall risk management framework, which can help identify and deter unacceptable risks. Through risk-based auditing, the audit activity provides useful and relevant information to the organisation for managing its risks.

SAIs also help organisations to look forward by identifying trends and bringing attention to emerging challenges before they become crises. This helps to support decision making.

**Code of conduct**

The conduct of auditors should be beyond reproach at all times and in all circumstances. SAIs are required to adhere to the Code of Ethics of INTOSAI (International Organisation of SAIs)

**Objectivity, integrity and honesty**

SAIs are required to be totally committed to the principles of objectivity, integrity and honesty to inspire public confidence and trust. To maintain their objectivity, integrity and honesty, SAIs perform their work and make decisions that are consistent with the broader interest of those relying on their report, including the public.

Through these roles, SAIs strengthen public governance. By providing for accountability, protecting the core values of government and providing oversight, insight, and foresight services, government auditors help ensure that managers and officials conduct the public’s business transparently, fairly, and honestly, with equity and probity, while conducting their own work using the highest standards of integrity.