

# Strengthening Public Financial Reporting and Accountability: The SAI and the budget reform 1

- The choice: Independence - Value added - Or?
- Both! Why?
- Some lessons and reflections after 5 years as a tight rope walker

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# The SAI 2. A multi faceted organisation working on;

- Performance, financial and compliance audits of all Gvt. adm (60%)
- Public macroeconomic methods for prognoses
- Development, maintenance and operations (outsourced) of all centralised accounting and payment systems
- Evaluation of Gvt. programs. Assignments by Parliament and Gvt.
- Think tank for Gvt. on long term public sector management
- Started the first (?) trainee system for public sector leaders to be
  
- “Dynamic expert organisation” (media view). Highly public. Close links to the universities /research institutions/ INTOSAI.

# The SAI 3. Independence ↔ Value added - Or?

Much at stake for the SAI.

- High degree of independence. But weak mandate
- Committed to give a true value added. Without compromising independence.
- Convinced 1988 reform is the best chance for a major renewal of Gov. adm. However, great risk it will fail if SAI is not part of the driving force.

**Auditor General:** The SAI will in all ways possible for a SAI support the management to implement the result budget process. We will at the same time always make sure we act, and is seen to act, in full independence.

## The SAI 4. Assisted in (key parts);

- Contributed to defining and re-defining the reform project(s)
- Driver in upgrading of accounting standards, methods
- Defined training needs, organised, delivered general training
- Stimulated creation of, helped to keep informal networks going
- Renewal of accounting systems framework and system solutions
- Clarified design of the result based budget/accounting systems
  
- **Annual audit of the performance and financial accounting reports of the 300+ entities.**
- **Annual audit report summed up advances / problems.**

# The SAI 5. Some lessons and reflections

- Independence protected by upfront explaining in-house, to Parliament committees, Government, auditees, other stakeholders, media why SAI was engaged in the reform. The temporarily character of the engagement and how this was managed in SAI reports
- Misstatements etc. linked to the reform normally not lead to qualified opinions (adverse, disclaimer) during set project time. However, reported very clearly as likely conclusions
- **Overall very positive reactions. Many positive long term effects.**

# The SAI 6. Some lessons and reflections

- Use of management representations. Efficient audit instrument!
- Balanced critical findings with detailed written and oral recommendations for how to possibly manage problems. Highly appreciated but took time!
- Most critical /demanding findings by auditors often sorted out via the networks.
- We underestimated time needed for most project(s)
- Auditors competence clearly upgraded