



**CARIBBEAN ORGANISATION OF SUPREME AUDIT INSTITUTIONS
SECRETARY GENERAL OF CAROSAI REPORT TO THE INTOSAI GOVERNING BOARD
DECEMBER 5, 2016**

INTRODUCTION

This report will serve to provide a brief on the communication and current activities within the Caribbean Association of Regional Organization - CAROSAI. Over the last three years (2013 – 2016) CAROSAI has embarked on a number of activities in its quest to enable the strengthening of SAIs in the Caribbean region to deliver their mandate in keeping with provisions of ISSAI 12- Value and benefits of Supreme Institutions- making a difference to the lives of citizens.

Since 2013, seven (7) heads of SAI within the region were changed, through retirement, secondment and resignation. In 2016, one member, SAI Curacao was added to CAROSAI's family.

ACTIVITIES UNDERTAKEN 2013 – 2016

The main activities undertaken by CAROSAI were:

1. ISSAI IMPLEMENTATION PROGRAMME

One of the main activities undertaken by CAROSAI was the signed commitment of member countries to implement the International Standards of Supreme Audit Institutions (ISSAIs) which represent the benchmark for public sector auditors. The push for the implementation of ISSAIs and certification of trained facilitators is seen as a capacity development initiative and a means to ensure uniformity in the application of auditing standards in accordance with the SAI's mandate and national regulations.

The ISSAI Certification Programme required participants to complete the 3 part programme:

- i) E-course on iCATs (Latter half of 2012)
- ii) E-Course on Audit template manuals and model audit file (August - September 2013)
- iii) Facilitation skills workshop (July 2014 Antigua)

In addition, CAROSAI held an ISSAI Implementation Strategic Planning workshop in November 2014 in Trinidad & Tobago that focused on:

- i) the new level 3 ISSAIs and their implications
- ii) soliciting SAI's feedback on the use of iCATs and requirements in the iCATs
- iii) reviewing and provide feedback on iCATs done by SAIs; and
- iv) ISSAI Implementation Strategy

2. COLLABORATIVE AUDITS

CAROSAI used the collaborative audit approach as a strategic capacity building tool that allows for the exchanging of experiences, methodologies and auditing techniques. The thrust of this approach was to improve the auditing skills of SAIs and individual auditors to carry out high quality audits using ISSAIs. Twelve auditors representing six SAIs within the region, participated in a pilot aimed at strengthening performance audit through a collaborative approach to audit of revenues and revenue departments.



Four SAIs have since tabled their report and a compendium of key findings and lessons learnt will be published by the IDI.

3. PROJECT FOR STRENGTHENING COUNTRY SYSTEMS FOR BETTER INVESTMENT RESULTS

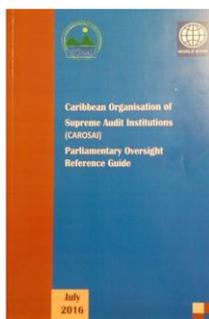
CAROSAI received financing from the World Bank toward the cost of the Project “Strengthening Country Systems for Better Investment Results.” The objective of the project was to improve the ability of Caribbean countries to more effectively implement capital investment projects and deliver on their development agenda, by enhancing the capacity of their country systems and institutions, with particular focus on external accountability, including legislative oversight and public procurement.” The main deliverables of this project were:

- Development of a harmonized audit procedural manual and audit programme focused on the audit of capital projects, including a section focused on presentation of observed findings and recommendations to PAC’s.
- Delivery of On-the-job training focused on the implementation of this manual to at least 50 auditors.
- Conduct a pilot audit using the manual and audit programme and present findings of the audit to the PAC in three beneficiary countries. The three countries and audit offices involved were the Office of the Director of Audit of Saint Lucia, the Audit Office of Guyana, and the Audit Department of Grenada.
- Delivery of a regional conference on strengthening PAC oversight of the implementation of capital projects; involving participation of PAC members and SAI staff focused on the coordination between these two functions, distribution of roles and responsibilities, and transfer of information according to the recommendations of the guide developed.

The regional workshop was held by CAROSAI from July 13 – 15, 2016 in Georgetown Guyana. PAC members from the region along with head of member SAIs participated in this conference.

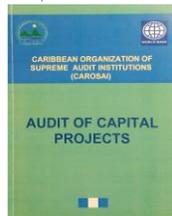
The outputs realized from this project were the publication of two formal documents:

i) **CAROSAI – Parliamentary Oversight Guide**



This guide is intended to assist the Public Accounts Committees (PAC) and Auditor Generals of the CAROSAI region to improve performance and communicate their audit findings to their stakeholders in a more effective manner. The guide provides a range of procedures and ideas that should make the operations, communications, and effectiveness of PAC much stronger, and thus improve accountability for the use of public funds.

ii) **Development of a Procedural Manual and Audit Programme for Auditing Capital Projects (Appendix)**



The main focus of the audit manual and audit programme is to provide guidance on the audit of capital projects and procurement. This is as opposed to developing a generic audit manual and audit programme that include basic methodology and audit procedures, and then use the audit of capital projects as examples.

As a precursor to the Parliament Oversight guide mentioned above, a workshop and a conference were held in 2014 and 2015, respectively.

The Caribbean Workshop on Strengthening Parliamentary Budget Oversight (Phase 2) held in Port-of-Spain, Trinidad and Tobago on February 5-6, 2014 sought to build on discussions related to parliamentary oversight mechanisms, and other key issues of concern to Public Accounts Committees (PACs) that took place in Antigua and Barbuda in January of 2012.

The International Conference On Strengthening Legislative Oversight for Fostering Accountability, Transparency and Sustainable Growth held on June 2 to 4, 2015 in Jamaica. The aim of the conference was designed to enhance the capacity of the Parliamentary entities that exercised oversight function in relation to promoting governance, accountability, transparency and integrity in the Caribbean, to enable Legislatures to more effectively fulfill their responsibilities, especially with regard to budget formulation, implementation and oversight.

The Conference was hosted by the Jamaican Houses of Parliament with the support of the IADB, UNDP, ParlAmericas, and the World Bank. CAROSAI was represented by the host country Jamaica, and the SAIs of Grenada, Antigua, Cayman Islands and Saint Lucia

CAROSAI participated in the CRECer Conference under the theme “Integrating Approaches to Financial Reporting to Advance Regional Economic Growth.” This was held in Cartagena, Columbia during the period July 31st to August 1st, 2013.

The Conference focused on promoting sound financial management in both the public and private sectors in Latin America and the Caribbean through the enhancement of accountability, and the quality of financial reporting and auditing. This event was sponsored by the World Bank, the Inter-American Development Bank, the International Federation of Accountants (IFAC), and the Global Public Policy Committee (GPPC) which represents the six (6) largest global audit firms.

Among the presenters were two presentations made by the Head of the SAI of Jamaica on the topics, “Evolving Role of Auditors & Auditor Reporting” and on a “Holistic Approach to Strengthening the Accountancy Profession in the Public Sector”.

Participants discussed several developments facing their profession particularly the implementation of the International Public Sector Accounting Standards (IPSAS), the International Standards of Supreme Audit Standards (ISSAIs) and the establishment of a Performance Measurement Framework (PMF) to assess the efficiency of audit offices.

The importance of the implementation of the ISSAIs in providing uniformity to the audit profession was also stressed. Arising from the discussions, the challenges/concerns among the many countries in the region were shared. These included the:

- the voluminous nature of the Standards;
- lack of expertise to guide the process;
- gathering of data;
- integrating accounts from several levels of Government;
- a lack of enough skilled personnel to guide the IPSAS implementation process; and
- the generally high cost associated with changing from the cash to accrual system of accounting.

Presenters were, however, of the view that there were tremendous benefits to be gained from the introduction of the IPSAS and these included greater accountability in state enterprises, better identification of assets and liabilities, uniformity of accounting practices in the region, transparency, reliability and stakeholder confidence which would, in turn, boost investment and trade in the region.

In supporting and promoting knowledge sharing and convergence of ideas, CAROSAI participated in a number of International and regional activities; these included:

Date	Events/Activities	Theme/Topics
March 2014	Commonwealth Auditors Conference - Malta	Securing Independence of SAIs to Improve the Effectiveness of Reporting and Communication of Audit Findings.”
September 2014	Annual Capacity Building Committee (CBC) Meeting - Lima Peru	Topics covered:- Promote Best Practices and Quality Assurance through Voluntary Peer Reviews White Paper on Auditor Certification – strengthening professionalization efforts through structured development <i>The capacity building impact of:</i> 1) coordinated audits 2) peer reviews (SAI Slovakia), and 3) SAI Performance Measurement Framework Strengthening SAI capacity – forging strategic partnerships Inter-regional cooperation – options for inter-regional and cross regional cooperation
June 2015:	CBC Working Group – Norway	Workshop on INTOSAI Competency Framework for Auditors Considered INTOSAI certification of Auditors Professional development in INTOSAI – a white paper
September 2015	CBC Annual Meeting, Stockholm, Sweden	INTOSAI – INTOSAI Self-Assessment INTEgrity
2012 – 2014	Participation in design of global goods and delivering of training and mentorship	Designing of iCATs



2015		Designing iCAT and ISSAIs implementation courseware, delivering training and mentoring of participants
	SAI Performance Measurement Framework	Participation of peers in conducting a SAI PMF in the region
April 2016	IFAC/World Bank – IPSAS Implementation - Bahamas	Strengthening Financial Accounting and Accountability

CAROSAI has since enhanced its visibility by greater involvement in the Accountancy Profession at the Regional level and in the SAI Community at the International level. CAROSAI is represented in the newly formed Public Sector Financial Management Committee (PSFM) of the Institute of Chartered Accountants of the Caribbean (ICAC) by SAI Cayman and will be represented on the IDI Board by the Secretary General – SAI Jamaica.

GOING FORWARD

Going forward CAROSAI aims to ensure that our performance and operations meet the highest standards. In this regard, CAROSAI has identified three priority areas of focus, which is highlighted in its **Strategic Business Plan for 2017 - 2021**:



STRATEGIC PRIORITY 1: High Quality Audits Creating Regional Impact

During this strategic plan period, CAROSAI plans to support its member SAIs in conducting high quality audits as per ISSAIs. It is also CAROSAI’s endeavour that such audit work will raise the profile of SAIs at the regional level and advocate the cause of SAIs by creating regional impact. It is important that SAIs not only conduct audits as per standards but that they focus on key areas of relevance in their nations and at the regional level.

CAROSAI’s strategy for achieving this strategic priority will be based on achieving CAROSAI outcomes – which CAROSAI is responsible for and SAI Outcomes – which the supported member SAIs are responsible for. CAROSAI will contribute to these outcomes through the support that it provides. CAROSAI envisages the following outcomes under this strategic priority.





HOW WILL CAROSAI ACHIEVE THIS STRATEGIC PRIORITY

- 1. Cooperative Audits** - CAROSAI plans to support cooperative audits in all three audit streams – financial audits, compliance audits and performance audits. In case of performance and compliance audits the audit topics will be chosen by the participating SAIs based on relevance. CAROSAI will endeavour to link topics not only at the national and regional level but also at the global level. CAROSAI will seek alignment with INTOSAI. For example, Auditing Sustainable Development Goals, Agenda 2030 and the preparedness of small island nations to implement the agenda in their countries could be a topic of national, regional and global significance. The cooperative audits facilitated by CAROSAI will be based on the guidance provided by INTOSAI and the cooperative audit support model of the IDI. The support provided would include blended learning inputs for SAI teams on both the audit topic and the audit methodology. Mentoring and guidance for audit planning, conducting an audit and reporting on the audit as per ISSAIs. CAROSAI will also organize an independent quality assurance review of the audits conducted under the programme. Participating SAIs will be required to issue the results of such audits in accordance with their national legislations. CAROSAI as a region will also publish a regional audit report on such audits and distribute this report widely to all stakeholders. To begin with CAROSAI will conduct cooperative audit programmes in collaboration with the IDI. In the second round CAROSAI will endeavour to conduct such programmes on its own.
- 2. CAROSAI Quality Assurance Mechanism (QA)** – Any successful implementation of standards requires a robust quality assurance mechanism to provide independent assurance as to whether the audits conducted meet quality requirements, in this case ISSAIs. While some member SAIs in CAROSAI have the resources to set up in-house QA mechanisms, most SAIs in CAROSAI have limited resources that may not make it possible for them to set up such mechanisms at the SAI level. CAROSAI plans to set up a regional mechanism of conducting quality assurance reviews. Such a mechanism will provide an opportunity to leverage resources available within the region to address critical need of member SAIs. Using available global public goods, cooperating with partners to build a pool of quality assurance reviewers at the regional level, using certified

ISSAI facilitators, agreeing on a regional mechanism with member SAIs may be some of the strategies used by CAROSAI in the implementation of this component.

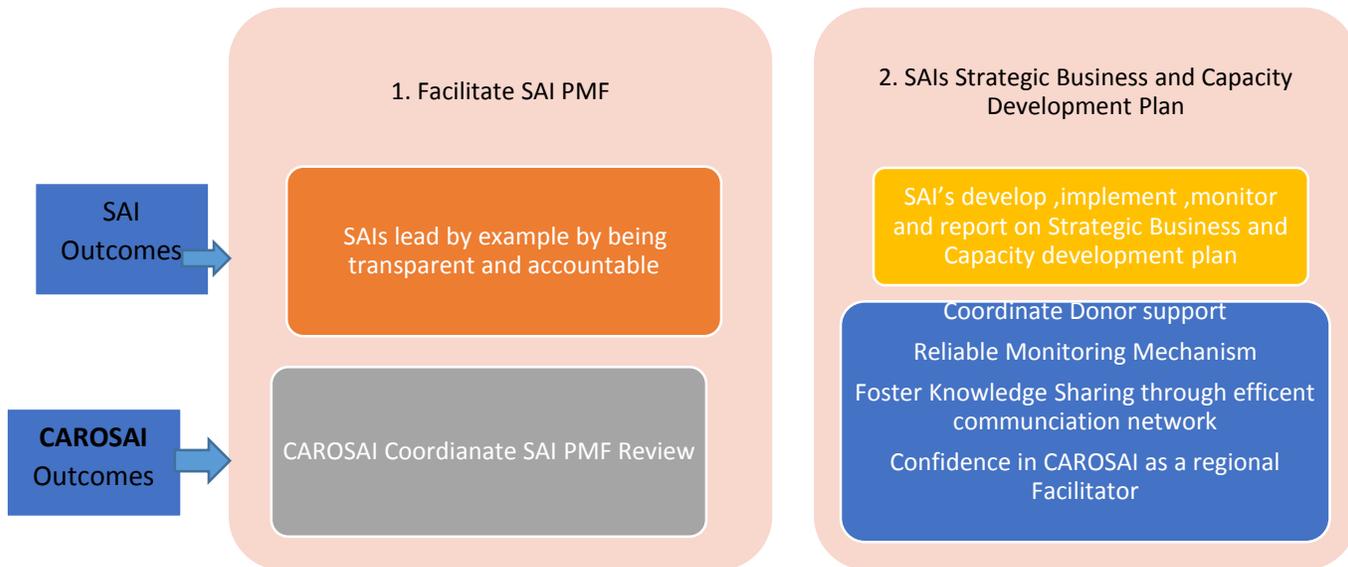
- CAROSAI Support for ISSAI Compliant Audit Practice** – Besides supporting cooperative audits and setting up a regional QA mechanism, SAIs in CAROSAI will also require support in enhancing professional staff capacity and organizational systems capacity for implementing ISSAIs. CAROSAI will partner with other INTOSAI bodies to adapt available guidance and tools on ISSAI implementation to suit its members' needs. Based on needs CAROSAI would also consider providing blended learning support by using face to face and online interventions. CAROSAI currently has a pool of PSC-IDI certified ISSAI facilitators for financial, performance and compliance audit. CAROSAI plans to build on this pool to foster a network of regional resource persons to support ISSAI implementation efforts of member SAIs. As an INTOSAI region, CAROSAI will also align its efforts in this regard with INTOSAI efforts and participate actively in INTOSAI's current discussions on auditor certification.

The SAI Performance Measurement Framework (SAI PMF) is an international framework for self, peer, or external assessment of a SAI's performance against the ISSAIs and other established international good practices, thereby enabling the SAI to confidently engage internally and externally regarding its future. It has been developed under the auspices of the INTOSAI Working Group on the Value and Benefits of SAIs (WGVBS), with valuable support from the INTOSAI-Donor Cooperation. It is expected to be endorsed as an INTOSAI framework at INCOSAI in December 2016. It is critical for SAIs to implement self-evaluating mechanisms to ensure that its practices epitomize leading by example and that the SAIs delivery of service conforms with ISAAs and are relevant to the needs of the citizens. CAROSAI members have identified SAI PMF as important priority area for immediate action.

Though some members of CAROSAI have benefitted from SAI PMF review through the assistance of International Donor Partners, more intervention is needed to have Caribbean-wide impact on the growth and institutional capacity of SAIs and by extension strengthen the robustness of governance arrangements and public financial management at both the national and regional level. CAROSAI aims to facilitate SAI PMF assessments for all its members and use this information to inform capacity building initiatives geared towards institutional strengthening and professionalization of SAIs in Caribbean region.



STRATEGIC PRIORITY 2: Strategic Performance Measurement and Reporting for Effectiveness



HOW WILL CAROSAI IMPLEMENT THIS STRATEGIC PRIORITY

1. **Facilitate SAI PMF** – CAROSAI intends to promote and coordinate the completion of a SAI PMF for each of its members allowing for the following results at the SAI level:

- The identification of the SAI's strengths and weaknesses
- The strengthening of internal performance management and accountability
- Allowing for external (Annual) reporting to stakeholders
- The demonstration of progress in performance
- To demonstrate the value and benefits of the SAI to its citizens
- To support ISSAI implementation/improve audit standards and quality
- To allow for greater opportunities of external support for capacity development initiatives

To achieve this CAROSAI intends to establish a pool of resource persons who will be identified from participants in the structured training programmes. The pool of resource persons will be utilised to undertake SAI PMF review in the region. This approach, again is dependent on the cooperation of SAI's to facilitate SAI PMF in an environment of limited resource. Additional support mechanisms to be utilized are: adopting existing guidance documents and tools, coordination of donor support, and the development and customization of blended learning materials and programs.

- 2. SAIs Strategic Business and Capacity Development Plan** – SAIs will be expected to prepare a strategic business plan arising from SAI PMF review. The SAIs Strategic Business Plans, it is anticipated, will be centred on addressing the needs of both internal and external stakeholders and ensuring SAIs effectiveness in meeting their mandate.

SAIs have a critical role in holding governments to account and enabling legislative oversight. SAIs are a critical part of the national accountability architecture. Given their mandates to “watch” over government accounts, operations and performance, they should be natural partners of citizens in exercising public scrutiny. The scope of SAI's work is to increase transparency for the benefit of citizens through external auditing. Effectiveness of SAIs' operations can be greatly enhanced through sustained interaction with the various stakeholders which include the executive, legislature, media, civil society organizations and the citizens. During INCOSAI 2010, INTOSAI recognized that, “The effectiveness with which SAIs fulfil their role of holding government to account for the use of public money not only depends on the quality of their work, but also on how effectively they are working in partnership with the accountability functions of the legislature as well as the executive arm of government in making use of audit findings and enacting change.” Besides external stakeholders, the communication and engagement of internal stakeholders within the SAI significantly impacts the quality of SAI work and results. While many SAIs face challenges in their engagement with stakeholders, there are excellent examples of good practices in stakeholder engagement. SAI's engagement with stakeholders is impacted by both, the SAIs own capacity to engage and the readiness and capacity of stakeholders to engage meaningfully with the SAI. Enhanced SAI stakeholder engagement can lead to greater audit impact and enable the SAI in delivering envisaged value and benefits¹. [IDI Operational Plan]

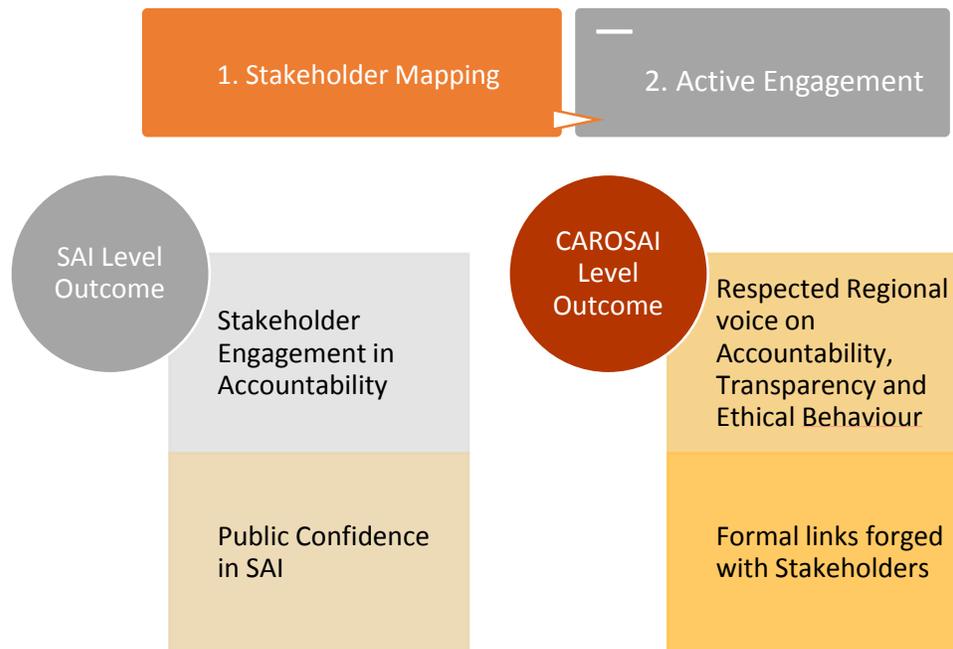
In this regard, CAROSAI has identified stakeholder engagement as its third strategic priority. CAROSAI views stakeholder engagement as a must seize opportunity to bring regional awareness to our efforts and activities as well as raise the profile of SAIs in the Caribbean region and build stakeholder confidence. It is our view that the challenges/deficiencies experienced by member SAIs would be suitably addressed at the CARICOM level. However, having our voice heard at the level of the highest regional body will require a structured and determined approach which must be accompanied with a fair level of respect for CAROSAI as a regional body. Equally, CAROSAI must established formal relationships with donor and bi-lateral partners such as IDI. CAROSAI will therefore embark on a stakeholder mapping exercise and coordinate stakeholder mapping at the SAI level.

STRATEGIC PRIORITY 3: Effective Stakeholder Engagement to Maintain Relevance

CAROSAI has identified stakeholder engagement as its third strategic priority. CAROSAI views stakeholder engagement as a must seize opportunity to bring regional awareness to our efforts and activities as well as raise the profile of SAIs in the Caribbean region and build stakeholder confidence. It is our view that the challenges/deficiencies experienced by member SAIs would be suitably addressed at the CARICOM level. However, having our voice heard at the level of the highest regional body will require a structured and determined approach which must be accompanied with a fair level of respect for CAROSAI as a regional body. Equally, CAROSAI must established formal relationships with donor and bi-lateral partners such as IDI. CAROSAI will therefore embark on a stakeholder mapping exercise and coordinate stakeholder mapping at the SAI level.

¹ IDI Operational Plan, page11





CAROSAI WILL ACHIEVE THIS THROUGH:

1. **Stakeholder Mapping** - As a first step CAROSAI and its members must determine who are its key stakeholders, their needs and the means of communication with each. This will be facilitated by a stakeholder identification workshop, which can be undertaken by utilising resource persons within the region. This programme is intended to strengthen both CAROSAI and its member SAIs capacity to better engage effectively with key stakeholders in an effort to foster stakeholders greater participation in the accountability process; promote a better understanding of the value and benefit of SAIs in the Caribbean region and advocate for SAI independence. The strategies to be implemented by CAROSAI is intended to result in improved effective public communication of audit results, collaboration with key stakeholders to encourage follow-up on recommendations by SAIs
2. **Active Engagement:** Once the needs of each stakeholder has been defined and the means of managing the stakeholder determined; a stakeholder management plan will be developed and monitored to ensure that effective communication is maintained with all identified stakeholders of CAROSAI. This will also be completed at the SAI level to promote increased transparency and accountability of all member SAIs to their stakeholders. It is also intended to support the advocacy of activities of individual SAIs within the region.

All activities relating to capacity building within the region will be limited to programmes that directly impact the regions defined priority areas. Therefore, the regional capacity building programme will intend to allow for:

- The establishment of effective governance structures within CAROSAI and by extension all member SAIs
- The establishment of regional networks and pools of resource persons both from member SAIs and stakeholders
- Communication practices – the implementation of a regional communication strategy to allow for continuous knowledge sharing and advocacy for independence of member SAIs

APPRECIATION TO STAKEHOLDERS

CAROSAI would like to thank all stakeholders for the contribution made to the Regional body over the past three years. Special mention must be made for the unwavering support from the IDI, IDB and the World Bank. In particular, the capacity building programmes both in the form of technical and financial support. This has provided the springboard for CAROSAI in achieving uniformity with other INTOSAI members and attaining its goals, remaining relevant and adding value to the public financial management and governance process in the Caribbean Community.

