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Reporting Practices to Increase Impact Setting The Scene

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What is impact?

In summary:

- Raising trust , confidence and understanding in the activities of government;
- Supporting accountability and transparency in the public sector;
- Promoting improvement in the delivery of public services.

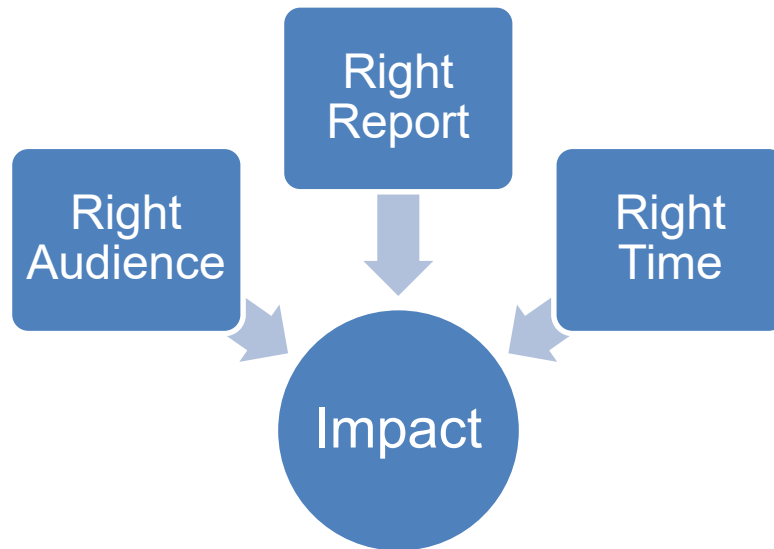
Elaborated in more detail in:

- ISSAI 12 – Values and Benefits of SAIs
- SAI Performance Management Framework (SAI-PMF)





How can reporting practice enhance impact?



- Impact and added value are the key performance metrics for an SAI
- Planning to achieve impact should underpin the whole audit cycle
- It should flow through strategy to the design and delivery of SAI programmes and individual audits
- Understanding the expectations of stakeholders is fundamental to impactful reporting
- Messaging and timing play an important role



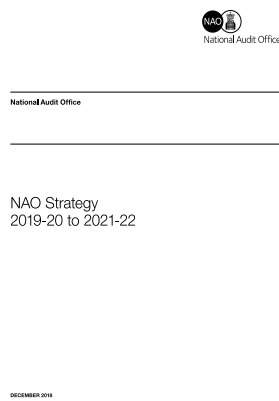
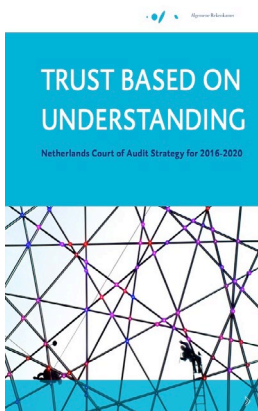
The right report

Planning for impact - from SAI strategy to report delivery and beyond

- Strategic direction – the overall audit framework
- The annual plan – which audits should an SAI do?
- Delivering high quality audit reports
- Follow-up of recommendations and supporting implementation
- Identifying generic learning and sharing knowledge



Report selection – strategic themes



Most SAI's prepare multi year strategies providing an overall framework for their audit programmes. This highlights:

- Key themes and areas of focus
- Their understanding of the audit environment and the identifies major risks in the public sector
- The requirements and expectations of the SAI's principal stakeholders
- The resources and capabilities available to deliver the SAI's objectives
- How the SAI will deliver value.



Report selection – annual programme

The annual programme of audits is made up of:

- Statutory reporting requirements – for example final budget accounts, financial and compliance audits;
 - Discretionary but expected reporting– for example where SAI’s have the power to carry out financial/compliance audits but have discretion over the level of coverage ;
 - Wholly discretionary reporting – for example extended compliance audit and performance auditing
- Financial, compliance audits are often tightly defined by statute and standards but crucial in supporting accountability and transparency;
 - Nevertheless there remains ample opportunity to extend reporting in line with strategic themes to generate impact with the legislature of audited entities through providing clear explanation and deeper analysis;
 - Extending the scope of compliance audits can provide a bridge to developing performance audit capability
 - Any programme of performance audits should be closely aligned to the SAI’s strategic themes; stakeholder expectations and the SAI’s capabilities



Report selection – compliance and performance audit

1. The development of an impactful performance audit programme (including compliance audit +) brings together a number of considerations:
 - The capacity and capabilities of the SAI;
 - The maturity of the audited entities involved;
 - The SAI's analysis of where the greatest risks of poor performance or poor value for money lie often drawn out of the identified strategic themes ;
 - The SAI's understanding of the expectations of key stakeholders, particularly the legislature.
2. Descriptive versus analytical reports or a mix of the two.
3. Managing the expectations of stakeholders.





The right report – high quality outputs

Every audit report, regardless of type is a significant investment of time and resources. In committing to an audit the SAI needs to know it will deliver the impact intended on time and on budget. The main factors to consider are:

- consistency with the strategic themes;
- The strength of the business case. Does it - contain a clear project plan, identify the methodologies and evidence needed to confirm (or not) the likely findings, identify likely recommendations, set out the delivery timeline and how it fits with stakeholder intentions, set out a communications plan?
- Quality assurance arrangements;
- Clarity of reporting
- The quality of the recommendations.

High quality outputs are the base of achieving impact!



The right report – follow through

- Following up recommendations and supporting implementation
- Identifying generic knowledge
- Sharing knowledge and expertise– internally and externally



Key messages to the right audience at the right time

- High quality products will often not succeed in themselves without effective sales and marketing to stakeholders.
- Building good relationships with major stakeholders requires long term commitment and consistent messaging communicated repeatedly in manageable ‘bite sized’ pieces.
- Building good corporate relationships is difficult without building good personal relationships with counterparts at all levels. Relationships are only sustained if they offers value to both parties.
- Many SAI’s have corporate communications plans to raise stakeholder awareness of the SAI’s value proposition and strategic themes tailored to the needs of each stakeholder group.
- Many SAI’s will also have individual communications plans for reach major report again focused on main stakeholder groups. These plans will ideally cover the whole life cycle of the reports from gestation to delivery.
- Multiple communications styles, messaging and channels may be used according to the needs of the target audience





The right audience (1)

- Impact in generic terms - improved accountability and improvement in the delivery of public services.
- An SAI has no executive authority to act in these areas itself and can only succeed in promoting change through the actions of others.
- Impact is only achieved when the SAI's opinions are respected and accepted by the legislature and acted upon by the audited entities (the government).
- It is likely that an SAI will devote most of its relationship building and communication effort to the legislature and the government – the people with the power to act.
- Engagement with the legislature
- Engagement with the government/audited entities – including supporting the implementation of recommendations.





The right audience (2)

While it always necessary to focus primarily on the legislature and government to secure change an SAI may also wish to leverage its reach (and thus its impact) by engaging citizens/taxpayers directly through other actors such as the media and civil society organisations.

It is important to remember that engaging with these stakeholder groups is not an end in itself.

Effective communication with and through these actors requires the same high level of planning as for the primary stakeholders and must always be judged as to whether the resources deployed are yielding sufficient added value in return.

New communication channels through social media offer significant opportunities to SAIs.





Right channel and right timing

<https://www.nao.org.uk/report/transforming-rehabilitation-progress-review/>

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Measuring SAI impact

Assessing an SAI is very difficult.

The measures used by SAI's fall into two broad categories:

- Productivity metrics – these are mainly output measures. For example – the number of recommendations accepted and actioned by by the audited entity; number of references in the media.
- Quality metrics
 - Savings generated from audit recommendations
 - Surveys of key stakeholder group attitudes
 - Peer reviews (for example using SAI PMF)





Measuring SAI Impact

<https://www.nao.org.uk/report/NAO-Annual-Report-and-Accounts-2017-18-Highlights/>

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Reporting Practices to Increase Impact - Conclusions

- Achieving impact requires continuous focus throughout the audit cycle to confirm and reconfirm that emerging findings and recommendations are well founded and will add value.
- This requires alignment from the corporate strategy through each individual audit
- It requires careful management of the SAI's resources and capabilities to select the right reports for the right audiences at the right time.

SAI impact is achieved when decision makers recognise the value of the work of auditors and use it to support the delivery of improvements in the delivery of public services.





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Thank you!