COMPRENDIUM OF GOOD PRACTICES IN ENHANCING THE ROLE OF AUDITING IN TACKLING CORRUPTION

ANTI-CORRUPTION WORKING GROUP
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<td>ACWG : Anti-Corruption Working Group</td>
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<td>AFA : Agence Française Anticorruption (French Anti-Corruption Agency)</td>
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<td>AGSA : Auditor-General of South Africa</td>
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<td>ANAC : Italian National Anti-Corruption Authority (Autorità Nazionale Anticorruzione)</td>
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<td>APEC : Asia-Pacific Economic Cooperation</td>
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<td>ASOSAI : Asian Organization of Supreme Audit Institutions</td>
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<td>BAI : Board of Audit and Inspection of Korea</td>
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<td>BPK : Badan Pemeriksa Keuangan (SAI Indonesia)</td>
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<td>CATCH : Case Tracking and Handling</td>
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<td>CBI : Central Bureau of Investigation</td>
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<td>CBA : Central Anti-Corruption Bureau, Poland</td>
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<td>CFE : Certified Fraud Examiner</td>
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<td>CNAO : National Audit Office of the People’s Republic of China</td>
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<td>CPA : Certified Public Accountant</td>
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<td>CVC : Central Vigilance Commission</td>
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<td>ED : Directorate of Enforcement</td>
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<td>FCPA : Foreign Corrupt Practices Act</td>
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<td>FIU : Financial Intelligence Units</td>
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<td>GAO : Government Accountability Office, The United States</td>
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<td>HATVP : Haute Autorité pour la Transparence de la Vie Publique (High Authority for Transparency in Public Life)</td>
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<td>ICAC : Independent Commission against Corruption, Hong Kong</td>
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<td>ICT : Information and Communication Technology</td>
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<tr>
<td>IFPP : INTOSAI Framework of Professional Pronouncements</td>
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<tr>
<td>INTOSAI : International Organization of Supreme Audit Institutions</td>
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<td>ISA : International Standards on Auditing</td>
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<td>KPK : Komisi Pemberantasan Korupsi (Corruption Eradication Commission), Indonesia</td>
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<td>LEA : Law Enforcement Agency</td>
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<td>NAP : National Anti-Corruption Policy</td>
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NAO : National Audit Office
OAG : Office of the Auditor General of Canada
OECD : Organisation for Economic Co-operation and Development
PASAI : Pacific Association of Supreme Audit Institutions
SAI : Supreme Audit Institution
SDG : Sustainable Development Goals
SFO : Serious Fraud Office, United Kingdom
SIU : Special Investigating Unit, South Africa
TCU : Tribunal de Contas da União, Brazil
UK : The United Kingdom
UN : The United Nations
UNCAC : United Nations Convention against Corruption
UNGASS : United Nations General Assembly Special Session
UNODC : United Nations Office on Drugs and Crime
US : The United States
ANAO : Australian National Audit Office
APS : Australian Public Service
ISSAI : International Standards of Supreme Audit Institutions
JCPAA : Joint Committee of Public Accounts and Audit
NACC : National Anti-Corruption Commission
AGSA : Auditor-General of South Africa
EXECUTIVE SUMMARY

The political declaration adopted by United Nations General Assembly (UNGASS) against corruption in 2021 and the Abu Dhabi Declaration adopted by the Conference of States Parties to the United Nations Convention against Corruption in 2021 promote the role of Supreme Audit institutions (SAIs) in tackling corruption and enhance their collaboration with anti-corruption bodies. The declaration adopted by the UNGASS in 2021 also recognizes the important role of SAIs in promoting the efficiency, accountability, effectiveness, and transparency of public administration, and encourages that due consideration be given to the independence of SAIs and stresses the importance of continuing international cooperation.

Supreme Audit Institutions (SAIs) are responsible for the audit of government revenue and expenditure. Given the diverse mandates, roles, and frameworks adopted by different SAIs, their contribution to anti-corruption efforts may differ. It is imperative to document the practices followed by different SAIs so that there is adequate documentation of efforts made by different SAIs in combating corruption. To accomplish this, the G20 Anti-Corruption Working Group (ACWG) developed a Compendium on “Good Practices on Enhancing the Role of Auditing in Fighting Corruption” during Indian presidency of G20.

The compendium consists of five chapters. Chapter 1 covers the legal framework for the SAIs, their mandate and organizational structure. This chapter also includes different institutional channels through which SAIs engage with their stakeholders and improve awareness. Chapter 2 explains the process of recruitment of personnel and efforts taken up by the SAIs for capacity building to ensure that SAIs’ personnel are adequately trained and empowered. Chapter 3 underlines the follow-up mechanisms and procedures for taking necessary action on audit findings and audit recommendations. The chapter tries to bring out varying legal mandates and functions of SAIs. It also focuses on the follow-up mechanism in jurisdictional SAIs. Chapter 4 outlines how SAIs collaborate with anti-corruption agencies in cases of suspected corruption. The chapter talks about the mechanisms for data sharing with other agencies and collaborating with internal audit functions. Chapter 5 captures the SAIs’ efforts to actively adopt the use of information and communications technologies (ICTs) and other emerging technologies in their audit function.

The topics covered in this document will help in understanding the legal and regulatory landscape of SAIs around the world. With such coverage, this resource will be a testament of G20s' commitment to strengthen integrity, accountability, and transparency for effective public administration.
INTRODUCTION

The G20 Anti-Corruption Working Group (ACWG) was established in 2010. It reports to the G20 Leaders on anti-corruption issues and aims to establish High-Level Principles in line with the G20’s commitment to lead by example in the fight against corruption. It focuses on public and private sector integrity and transparency, bribery, international cooperation, asset recovery, beneficial ownership transparency, vulnerable sectors and capacity-building. Since its inception, G20 ACWG has collaboratively developed commitments and tools to combat corruption through prevention, criminalization and law enforcement, international collaboration, and asset recovery.

The Anti-Corruption Action Plan 2022-2024\(^1\) emphasizes the importance of promoting good practices in business integrity, anti-corruption ethics, and compliance programs. Further, it recognizes the importance of promoting the role of auditing.

Role of SAIs in Preventing Corruption

In 2022, the Indonesian Presidency of G20 has emphasized the importance of auditing in combating corruption by developing the G20 High-Level Principles on Enhancing the Role of Auditing in Tackling Corruption. These principles complement the independence of SAIs, as outlined in international frameworks such as the International Organization of Supreme Audit Institutions (INTOSAI) Framework of Professional Pronouncements and the Lima and Mexico\(^2\) Declarations while building upon the significant role of Auditors, including SAIs, in identifying corruption risks and establishing strong internal controls to prevent corruption.

SAIs are independent government bodies primarily responsible for auditing public funds and ensuring financial accountability and transparency in the public sector. SAIs are often enshrined in their respective constitutions, statutes, or regulations. The main functions of SAIs include conducting financial audits to examine the accuracy and reliability of financial statements, assessing compliance with applicable laws and regulations, evaluating the efficiency and


effectiveness of public programs and activities, and providing recommendations for improvement.

SAIs play a crucial role in promoting good governance, preventing corruption, and instilling confidence in public administration. They help to ensure that public funds are utilized efficiently and effectively.

Auditing is an essential tool for preventing corruption and promoting good governance. Through audits, organizations identify weaknesses in their systems, procedures and practices and take steps to address them before they lead to corrupt practices. This helps in ensuring that public institutions operate with integrity and serve the best interests of the people.

**Relationship with Sustainable Development Goals (SDGs)**

The SDGs, adopted in September 2015 by the United Nations (UN), emphasized through Goal 16 to promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels. Targets 16.5 and 16.6 of this goal are relevant to building independent, effective SAIs.

**Existing International Instruments**

The G20 Anti-Corruption Action Plan 2022-24 emphasizes the promotion of good practices in business integrity and anti-corruption ethics along with various international instruments to address the role of auditing in dealing with corruption. These international instruments are mentioned below.
The UNCAC recognizes audit requirements as key elements in corruption prevention. It calls for the establishment of a system of accounting and auditing to promote transparency and accountability in the management of public finances.

International Standards on Auditing (ISA)

The ISA developed by the International Auditing and Assurance Standards Board (IAASB) provides guidelines for conducting high-quality audits and assurance services, thereby ensuring quality and consistency in audit reports.

Organisation for Economic Cooperation and Development (OECD)

The OECD recommendation on Public Integrity underscores the importance of oversight and control within the public integrity system.

United Nations General Assembly (UNGASS)

The political declaration adopted by the thirty-second Special Session of the UNGASS against corruption in 2021 and the Abu Dhabi Declaration 2021 of the UNODC promote the role of SAIs in tackling corruption and enhance their collaboration with anti-corruption bodies.

Mexico Declaration on SAI Independence

The Mexico Declaration is a crucial document outlining the necessary steps to ensure the independence of SAIs in the region, from executive, legislative, and judicial branch of government, and to have the authority to audit government operations.

INTOSAI Framework of Professional Pronouncement (IFPP)

The IFPP provide guidance on auditing and accountability practices that can help prevent corruption thus highlighting the importance of adhering to internationally recognized standards for auditing and accountability.
CHAPTER 1: SUPPORTING THE ROLE OF SUPREME AUDIT INSTITUTIONS IN PREVENTING AND COUNTERING CORRUPTION

G20 countries aim to establish a robust legal, administrative, or regulatory framework for accounting, auditing standards, and public finance oversight. G20 countries should build or amend legal frameworks and strengthen institutional frameworks to guide public sector auditors in countering corruption and promoting integrity. They should also engage with stakeholders to strengthen frameworks supporting auditors in countering corruption.

To ensure that the SAIs accomplish their role successfully, several legal, regulatory, or institutional frameworks have been established which may vary from country to country. This chapter aims to understand the present frameworks and role of SAIs in enhancing citizens’ and stakeholders’ awareness in G20 member countries.

1.1 Overview of Supreme Audit Institution (SAI) Models

Depending on the functioning and mandate, SAIs may be broadly classified into the following three different models:

**Westminster or Parliamentary Model**

The Parliamentary model is strongly linked to the system of Parliamentary accountability. The national audit office has one head, often called the auditor general, whose role may be combined with that of the comptroller general that has a control role. The SAI is an independent body that audits parliament authorizations of expenditure to the government, annual accounts of government and public bodies, and in some jurisdictions also undertakes compliance and performance audits, and reports its findings to a parliamentary body, such as the public accounts committee and to the public. Based on the report of the SAI, the Parliamentary body issues its own reports and recommendations to the government. The office serves no judicial function, but, when necessary, its findings may be forwarded to legal authorities for further action. Increasingly, SAIs with a Parliamentary model can impose fines, levies, or sanctions.
The legal tradition of a country affects its choice of organizational model, the way the SAI is structured, and its place in the public administration structure. SAIs may have characteristics of more than one model. Thus, a “Mixed Model” also exists which encompasses different structures and elements from across all three recognized models.

**Board or Collegiate Model**

Similar to the Parliamentary model, the college or governing board is independent of the executive and helps parliament perform oversight. The board is composed of members that are appointed by the parliament for a fixed term. By nature, decisions taken by the board are shared and consensual. The board is headed by a president, the de facto auditor general. The board’s primary mandate is to analyze government spending and revenue and reports its findings to parliament.

**Judicial or Napoleonic Model**

In the judicial system, the SAI – also called court of accounts or cour des comptes – can have both judicial and administrative authority and operates independently of the legislative and executive branches. The judicial function of the SAI is quite similar to the judiciary, as such it can make judgements on compliance of public officials with financial laws and regulations and can also sanction violations of the applicable rules, which helps to ensure that public funds are adequately allocated. In certain jurisdictions under the judicial model, the SAI acts as an independent body which supports the legislative branch in its external control functions. The court of accounts audits all government bodies, including ministries, departments and agencies, commercial and industrial entities under the purview of ministries and social security bodies. The court of accounts may have an ex-ante control.

The legal tradition of a country affects its choice of organizational model, the way the SAI is structured, and its place in the public administration structure. SAIs may have characteristics of more than one model. Thus, a “Mixed Model” also exists which encompasses different structures and elements from across all three recognized models.

**South Africa**

SAI South Africa is based on the Westminster model but has certain enforcement powers since 2019 that resemble the nature of SAI with jurisdictional functions.

The SAIs of five countries (Brazil, France, Italy, Spain, and Türkiye) follow the Judicial or Napoleonic model wherein the SAIs’ authority and scope are defined by legal jurisdiction, to operate independently, and audit public sector entities. On the other hand, SAIs of six countries (Australia, Canada, India, Mauritius, South Africa and United Kingdom) operate under the Parliamentary or Westminster model in which SAIs work closely with the parliament, conducts audits as per their legal mandate.
Besides, SAIs of seven countries (Argentina, Germany, Saudi Arabia, Japan, Republic of Korea, Russian Federation and Indonesia) are operating on the Board or Collegiate model.

SAIs operate as independent bodies within their domestic frameworks to conduct audits of various government entities and ensure compliance with financial regulations and identify irregularities or inefficiencies. Based on the responses received, the following modalities were noted across SAIs’ legal/ regulatory/ institutional framework:

- **Legal Framework, Auditing Standards and Regulations:** Each country has its own legal framework, auditing standards, regulations, and codes of ethics, to guide the professional conduct of SAIs. The auditing framework varies significantly, depending on specific laws, regulations, and constitutional provisions defining the authority and functions of SAIs.

- **Appointment and Tenure:** The processes of appointing the Heads of the SAIs and their tenure in office vary across countries. In United Kingdom, the Head of the SAI is appointed by the King following an address to the House of Commons by the Prime Minister. The Head of SAIs (Oman and Saudi Arabia) are appointed by a Royal Decree and the Head of SAI Canada is appointed by the Parliament. The Head of SAI Australia is appointed by the Governor-General on the advice of the Prime Minister. The BPK Indonesia is led by a board wherein members are elected by the House of Representatives. On the other hand, in India, China, United States and South Africa, the Heads of SAIs are appointed by the President of the respective countries. The tenure of office of the Head of the SAI also differs. The Heads of SAIs are elected in Canada, and United Kingdom in every 10 years, in United
States in every 15 years, while Board members of BPK Indonesia serve for a period of 5 years and may be re-elected for one term of office.

The following types of Audit Mechanisms noted in different SAIs:

- **Regional Audit Institutions:** In Spain and Germany, there are external audit institutions for autonomous communities (regions) with external audit competence extending to the regional public sector, while the national SAI remains “Supreme.” Collaboration and coordination are established to avoid duplication of efforts.

- **Specific Focus Areas of Audit:** SAIs of Canada, France, India, Indonesia, Japan, Mauritius, Oman, Spain, and United Kingdom conduct performance audits, environmental audits, or compliance audits, depending on the country’s needs and priorities.

- **Real-time Audit:** In the framework of performance and compliance audit, SAIs of Italy, Germany, United Kingdom, and United States carry out real-time audits, a kind of “audit in progress,” to monitor the implementation of major plans and projects for the recovery and support of the national economy.

Overall, while there are common objectives and functions shared by SAIs worldwide, the specific roles and powers of each institution are influenced by the legal and institutional frameworks of their respective countries. Each country adopts diverse approaches and priorities to ensure effective oversight and accountability within its respective domestic audit framework.

### 1.2 Independence exercised by SAIs:

- **Constitutional or Legal Framework:** Countries have established their SAIs through constitutional provisions or specific laws that grant them independence. These legal frameworks often define the appointment process, tenure, removal procedures, and mandate of the SAIs. The legal framework also determines in what way the SAI may contribute to tackling corruption.
• **Independent of Executive Branch:** SAIs are designated to be independent of the executive branch of the government to avoid interference and ensure independence and impartiality in their audit processes and reporting.

• **Judicial or Magisterial Status:** SAIs (Spain, Italy, Türkiye and France) have a judicial or magisterial status, similar to the judiciary, providing them with greater autonomy and functional independence.

• **Security of Tenure:** SAIs often have legal provisions to ensure the security of tenure for their Head or members. These safeguard them against removal for political reasons and strengthen their independence.

• **Functional Autonomy:** SAIs have the authority to plan their audit work and select topics independently based on their risk assessments and priorities, free from external interference.

• **Access to Information:** Independence is supported by the SAIs’ ability to access relevant information necessary for conducting audits of government entities.

• **Align with globally accepted principles:** SAIs demonstrate a commitment to independence, transparency, and accountability in their audit functions, which are in line with the globally accepted principles and standards for effective and reliable auditing.

In addition to the above, some SAIs have **distinct approaches** in their legal, regulatory, and institutional frameworks for ensuring their independence as described below.

• **Investigative Powers:** SAIs in France, Italy, Republic of Korea, United States and Türkiye have extensive investigative powers, enabling them to delve deeper into financial management and even pursue judicial action when necessary.
• **Reporting to Specific Authorities:** While all SAIs publish their reports, the mechanisms for reporting and follow-up on audit findings differ. Few SAIs (Australia, India, Mauritius, Oman, United Kingdom, Italy and United States) directly report to the Parliament or legislature. SAI Indonesia reports its findings directly to the House of Representatives as well as relevant agencies, including the LEAs. SAI Argentina submits the reports to the courts whenever the audit work reveals possible existence of an illicit act. Other SAIs (Saudi Arabia, South Africa and Spain) collaborate/ cooperate with law enforcement agencies or other specialized bodies.

• **Role in Preventing Corruption:** The role of SAIs in preventing and countering corruption varies. SAIs in Brazil and Russia explicitly include corruption prevention as part of their mandates while the SAI Argentina’s and Spain’s legal framework do not include, among its functions, the prevention and fight against corruption.

• **Audit Scope and Coverage:** SAIs have varying scopes of authority, ranging from national-level audits to audits of local governments, state-owned enterprises, or specific sectors.

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**France**

In France, the financial jurisdictions have magistrates with investigative powers and strict ethical standards. Auditees must provide all relevant information and face penalties for non-compliance. Members of these jurisdictions are sworn in, disclose interests, and recuse themselves if there is a conflict of interest. In the event of alleged violations of applicable financial rules or other misconduct, public hearings are held by the Litigation Chamber where the reporting magistrate presents the report and arguments are presented by the defendant and prosecution, before the Chamber renders its judgment.

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**Russian Federation**

Since 2019, the SAI has maintained the Gosraskhody (Public Expenditure) aggregator portal, the main purpose of which, is to provide citizens with a tool to research public finances— from budget allocation to outcomes of contracts and end beneficiaries. In 2022, advanced training of employees of the SAI was implemented through the program titled “Financial Monitoring in the System of Anti-Corruption Measures”.
• **Internal Management and Budget**: The level of independence in managing internal affairs and budgeting can differ among SAIs. SAIs have more control over their budgets and administrative matters, ensuring greater independence in decision-making.

While there are distinctions in how SAIs ensure their independence, all SAIs aim to uphold the principles of independence, autonomy, and integrity in their audit functions, contributing to effective public sector oversight and accountability. The SAIs demonstrate a commitment to promoting integrity, transparency, and accountability in the public sector through their audit activities. They play a crucial role in preventing corruption and promoting good governance in their respective countries.

### 1.3 Organizational Structure and Human Resources in SAIs

To gain insights about the availability of human resources in the SAIs, data regarding number of personnel in SAIs was analyzed. The summary is as follows:

<table>
<thead>
<tr>
<th>NUMBER OF PERSONNEL IN POSITION</th>
<th>NUMBER OF SAIs</th>
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<tr>
<td>Less than 1000 personnel</td>
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<td>1000 – 2000 personnel</td>
<td>06</td>
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<td>2000 – 5000 personnel</td>
<td>05</td>
</tr>
<tr>
<td>More than 5000 personnel</td>
<td>04</td>
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</tbody>
</table>

The data regarding the SAIs’ self-assessment for the requirement of personnel and number of personnel currently in position was collected. For the eight countries where data for the assessed personnel requirement was made available, it was seen that the difference between the number of personnel currently in position vis-à-vis the assessed requirement was less than 10 per cent in two SAIs, between 10-20 per cent in three SAIs, and more than 20 per cent in two SAIs.

The proportion of personnel in each SAI holding managerial positions compared to those in non-managerial positions was also analyzed to get a glimpse into the organizational structures and hierarchies of the countries’ respective SAIs. Managerial positions refer to the personnel who have responsibilities related to planning, organizing, and directing the activities of the organization and are not directly involved in the frontline work, but lead a team and are responsible for making decisions. For example, the auditors may not be considered in managerial positions, but the Audit Team Lead may be classified as managerial personnel.
1.4 Stakeholders Management for SAIs:

The process of auditing involves multiple stakeholders who play different roles and have distinct interests keeping the executive accountable for their functions. The eventual stakeholders for SAIs' audit reports are public at large. The other stakeholders can be broadly categorized as follows:

1. **Legislature**: In countries with Parliamentary model, the SAIs’ audit reports are placed in the legislature. The legislature ensures accountability of the executive through these reports.

2. **Executive/Management**: Management of the audited organization has the responsibility to prepare accurate and complete financial statements, provide access to relevant information and act on audit recommendations.
3. **Regulators and Law Enforcement Agencies:** Regulators refer to audit reports to improve the regulatory mechanisms. Other Law Enforcement Agencies may take legal action in cases of non-compliance or misconduct, especially in cases related to suspected corruption.

4. **Internal Auditors:** Internal Auditors help identify weaknesses in organizational controls and support the management. In some countries, Internal Auditors work in coordination with the External Auditors.

5. **Media/ Civil Society Organizations:** Media and Civil Society organizations rely on the information from external auditor’s reports to assess the functions of the audited organization.

The involvement of various stakeholders facilitates transparency in the audit process, enhances accountability, and contributes to the credibility of audit reporting.

While there are some common strategies, SAIs also leverage country-specific tools and mechanisms to promote transparency, accountability, and public participation in the fight against corruption.

By enhancing citizens’ and stakeholders’ awareness of their roles, responsibilities, and audit works, SAIs can build trust and credibility with the public. To mitigate corruption and build a powerful government-citizen cooperation to fight it, it is essential to promote anti-corruption information and a culture of integrity throughout society. This can lead to increased support for its efforts to prevent and counter corruption, which is a critical challenge in many countries around the world. Ultimately, the success of SAIs in fulfilling their mandate depends on their ability to engage with and to inform the public about their work.

The approaches adopted by different countries' SAIs to enhance citizens' and stakeholders' awareness of their role in preventing and countering corruption may vary based on their legal frameworks, cultural contexts, and specific priorities, and is mentioned below through a diagram.

**Brazil**

The Federal Court of Accounts (TCU), Brazil has a communication department responsible for planning and executing communication activities, such as responding to inquiries from the public and media.
### Web Portals:

SAIs, including those of Argentina, Brazil, Australia, Mauritius, Indonesia, Russian Federation, India, Türkiye, UK, South Africa, Republic of Korea, France, Italy, Germany, Japan, and Spain, maintain web portals that provide access to information about their mandates, responsibilities, audit works, and reports. These portals serve as central repositories of information for citizens and stakeholders.

### Publications:

SAIs, including those of Argentina, Brazil, Canada, India, Italy, and Spain, maintain written material such as books, magazines, reports, whitepapers, newsletters, etc., that provide access to information about their mandates, responsibilities, audit works, and reports.

### Social Media:

SAIs use social media platforms like Facebook, Twitter, and YouTube to disseminate information, engage with the public, and share updates about their audit findings and activities.

### Transparency:

SAIs of Argentina, France, China, Australia, Russian Federation, and South Africa, emphasize transparency by publishing audit reports and engaging in public consultations to gather opinions and suggestions from citizens. The SAIs of India and Indonesia hold press conferences and issue press releases to ensure that the public and interested parties receive accurate information.
Specific Platforms:
SAIs of countries, China, France, Russian Federation, and Republic of Korea, have specific online platforms for citizens to report irregularities, corruption, or other situations detrimental to public finances. SAI Oman prepared the National Plan for Integrity Promotion (2022-30) enabling reporting and facilitate communication with the public.

Engaging Civil Society:
SAIs in countries of South Africa and France conduct dedicated sessions and meetings with civil society organizations focused on anti-corruption efforts, allowing for direct engagement with stakeholders.

Educational Initiatives:
SAIs in Spain and South Africa undertake educational initiatives, such as presentations at professional events, schools, and universities. SAI Italy has a Memorandum of Understanding with the Ministry of Education to institutionalize this practice. SAI India offers credible, authentic, and reliable audit reports to legislative committees, courts, and anti-corruption agencies, to raise awareness of their anti-corruption efforts and the importance of their roles.

Government-Hotlines:
The United States’ GAO operates a government-wide hotline called FraudNet, which receives complaints of fraud, waste, abuse, and mismanagement of federally funded programs. This hotline facilitates reporting of allegations to appropriate agencies for action and information.
CHAPTER 2: STRENGTHENING THE ROLE AND CAPACITY OF SAIs FOR IDENTIFYING, PREVENTING, AND COUNTERING CORRUPTION

SAIs are watchdogs of public funds and resources, ensuring transparency and accountability. By enhancing their skills, knowledge, and resources, SAIs can become more effective in combating corrupt practices. G20 countries aim to protect SAIs’ and oversight bodies’ independence, adopt merit-based recruitment, hiring, retention, promotion, and retirement systems, and ensure staff training on corruption reporting, for the SAIs’ personnel.

2.1 System of recruitment, retention, and promotion of personnel of the SAI

SAIs are expected to adopt systems for effective recruitment, retention and promotion of their personnel, based on the principles of efficiency, merit and transparency. The values of transparency, meritocracy, and efficiency are emphasized since these notions are critical in ensuring that public officials are chosen based on their qualifications and skills. The goal is to have a robust and capable workforce within SAI.

2.1.1 Recruitment process: Each country’s SAI has its own set of recruitment criteria. For example: SAI Canada recruits professionals with Certified Public Accountant (CPA) and Certified Fraud Examiner (CFE) qualifications along with other specialized expertise in relevant fields for performance auditors, while SAIs of China, India, Japan, and Mauritius recruit from the Public Service Entrance Examinations. The following types of recruitment processes are followed by the SAIs:

1. Competitive/Public Examinations: SAIs of Brazil, China, India, Republic of Korea, Spain, and Türkiye conduct competitive examinations as part of their recruitment process. SAI Australia follows a merit-based selection process for recruitment. This ensures transparency and equal treatment in selecting qualified candidates based on merit.
2. **Specialized Recruitment**: SAIs in Canada, France, Italy, Saudi Arabia, Japan, Republic of Korea, Indonesia, UK, and South Africa recruit professionals with specialized expertise in relevant fields like law, accounting, fraud detection, or auditing. This enables SAIs to acquire the necessary skills and knowledge for effective performance. They generally take up the following types of Specialized Recruitments:

   a. **Professional Designations**: SAI Republic of Korea recruits Ph.D. holders, attorneys, and digital forensics experts. SAI Canada recruits auditors with CPA designation for financial audits and other specialized expertise for the performance audits. SAI Spain employs employees from law and other backgrounds, while SAI Japan recruits professionals, like Certified Public Accountants (CPAs). SAI Indonesia emphasizes the importance of merit in the selection of personnel.

   b. **External Expertise**: SAI Japan employs fixed-term staff with specialized knowledge and skills to complement their internal resources. In the event of specific hiring requirements, depending on the audits to be performed, SAI Argentina selects the independent professional from the Register of External Auditors and Professionals.

3. **Retention policy**: SAIs tailor retention policies based on organizational needs and strategic goals. SAI Brazil offers work modalities, competitive remuneration, and benefits. SAI France promotes equal treatment, SAI India follows cadre restructuring from time to time to avoid stagnation, SAI South Africa emphasizes talent management, transparent promotions, and continuous professional development. SAI Indonesia offers competitive remuneration to attract and retain qualified personnel.
The following factors are considered for effective promotion of SAIs personnel:

**Transparency and Equal Treatment:** SAIs in Australia, Canada, France, India, Indonesia, Mauritius, United States and Spain prioritize transparency and equal treatment in their recruitment and promotion processes, adhering to specific laws and regulations. SAIs also implements policies such as internal rotation, to maintain transparency.

**Performance Evaluation:** SAIs in Argentina, Brazil, China, India, Republic of Korea, South Africa, and Türkiye, emphasize performance evaluation for promotions and career advancement. Performance-based promotions/merit ensure that competent employees are recognized and encouraged to take on leadership roles. In India, South Africa, Spain, and Türkiye, promotions are based on factors such as performance, training, experience, and specialization. This ensures that deserving individuals are recognized and given opportunities for growth. SAI Indonesia regularly reviews salaries of its personnel to align with industry standards and ensure that personnel are fairly compensated for their work.

Thus, it is evident that each country’s SAI takes required steps to secure the services of skilled and dedicated personnel, maintaining their commitment to accountability, efficiency, and transparency in their respective roles as guardians of public resources. The adoption of specific recruitment, retention, and promotion policies reflects their commitment to maintaining effective and efficient audit practices for the benefit of their citizens and promoting accountability within their respective countries.
2.2 Capacity development in SAIs:

Capacity development is the process of strengthening knowledge, skills, abilities, and resources for individuals, organizations, and systems to effectively perform their functions and achieve goals. Key elements include training and education, skill enhancement, institutional strengthening, knowledge management, resource mobilization, policy and legal frameworks, and monitoring and evaluation.

The mitigation of corruption can be considerably improved by properly equipped SAIs. They have the potential to boost the framework for dealing with corruption situations as well as strengthening preventative systems. SAIs’ personnel must be properly trained and supported with a wide range of skills and knowledge to efficiently carry out their duties, including communication skills, financial analytical competence, auditing techniques, legal knowledge, and understanding of the latest technologies. Additionally, they should be updated with new developments and industry standards in public sector auditing.

Therefore, SAIs focus on continuous capacity development of their personnel to ensure that the SAIs’ personnel are adequately trained and empowered towards identifying, preventing, investigating, and reporting corruption as per their mandates.

Indonesia

The BPK conducts comprehensive training programs to enhance the capacity of its personnel in dealing with corruption issues. These programs cover various topics such as fraud detection, anti-corruption measures, forensic auditing, ethics, and integrity. In addition, examiners must possess adequate professional competence, such as Certified Fraud Examiner (CFE) and Certified State Finance Auditor (CSFA).
Training Programs: SAIs, including Mauritius, Australia, Republic of Korea, China, Oman, Canada, France, India, Italy, Japan, South Africa, Türkiye, United Kingdom, and the United States, prioritize training programs to enhance the skills and competencies of their personnel. These training programs cover a wide range of topics, including ethics, fraud detection, forensic auditing, and anti-corruption laws, among others.

Professional Development: SAIs in Australia, Canada, Brazil, China, Japan, Türkiye, United Kingdom, United States, India, and Mauritius emphasize continuous professional development for their personnel to keep them updated with the latest auditing practices and techniques.

Codes of Ethics: SAIs Australia, Canada, Oman, Brazil, France, South Africa, UK and India have adopted Codes of Ethics to promote integrity and accountability among their personnel. These codes set out principles and values that guide the conduct of auditors and reinforce the importance of identifying and reporting corruption.

Collaboration and Partnerships: SAIs in France, Brazil, South Africa and Türkiye collaborate with external institutions and law enforcement agencies to share information on fraud risks and possible criminal activities.
2.2.1 The approaches for capacity development vary from SAI to SAI based on their unique organizational structures, resources, and country-specific needs.

- **Mandatory Trainings:** SAI Canada has mandatory ongoing training for employees with Certified Fraud Examiner (CFE) and Certified Public Accountant (CPA) designations. SAI Spain includes the topic of corruption detection in the training of its personnel.

- **Investigative Units:** SAI South Africa has established a specialized Investigation Business unit.

- **Training Centers:** SAI India, Saudi Arabia, Japan and Oman’s Board of Audit have dedicated training centers with specific facilities for audit personnel. SAI Argentina has formed a team of experts to design workshops to train personnel in money laundering prevention, focusing on efficient risk management and administration in the public sector. The University for the INTOSAI Community (U-INTOSAI) was created at the initiative of the Accounts Chamber of the Russian Federation to consolidate capacity building and training activities of the auditing community at the international level. The platform hosts 150 courses, eight of which are focused on anti-corruption.

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**India**

SAI India has well-structured training strategies to meet its capacity development requirements through its 3 Central Training Institutes, 12 Regional Training Institutes and external institutes of repute.

- **Internal Training Material:** SAI Spain has a dedicated space for hosting audit resources for their personnel. SAI India has developed a Manual on Role on Audit in relation to cases of Fraud and Corruption. SAI Indonesia has developed internal guidelines, manuals, and standard operating procedures to provide instructions and guidance to its personnel in handling corruption-related issues.
Thus, by enhancing the professional capabilities of SAI staff members, SAIs keep themselves updated on changing circumstances and maintain their credibility while also enabling them to address current challenges such as digital transformation and increasing complexity in public finances.
CHAPTER 3: FOLLOWING UP ON THE AUDIT FINDINGS

G20 countries aim to apply the principle of clear procedures and responsibilities for audited entities' follow-up actions in response to audit reports and auditors' recommendations. These efforts focus on the follow-up mechanisms and procedures in place in the member countries for taking necessary action on audit findings, including penal provisions and legal recourse in place to address such findings.

Oversight bodies, such as Parliaments and Committees, should be strengthened to ensure proper follow-up of auditors' findings. Measures should be established for organizations and individuals failing to act on or respond to audit findings or recommendations.

3.1. General Audit Framework

An audit framework refers to a structured set of principles, standards, and guidelines that provide a systematic approach for conducting audits. It serves as a roadmap or reference point for auditors to plan, execute, and report on their audit engagements. The elements of an audit framework include:
3.2. Follow up mechanism for SAI recommendations:

The follow-up on audit results is crucial for implementing necessary modifications and improvements by the executive. Depending on the mandate of SAIs, the SAIs can either take direct action on cases of suspected corruption or the cases may be referred to the concerned anti-corruption bodies/executive departments. In either case, the SAIs in G20 countries have established varied legal and institutional mechanisms to follow-up on cases of suspected corruption.

SAIs have adopted similar approaches to deal with suspected corruption cases. SAIs have the authority to take direct action by investigating the facts, determining responsibility, and imposing sanctions or corrective measures if they identify suspected corruption within their mandate. SAIs (Brazil, Mauritius, Republic of Korea, Indonesia, Russian Federation) collaborate with law enforcement and anti-corruption agencies to share evidence and enhance the effectiveness of anti-corruption efforts. When evidence of corruption is confirmed, SAI Canada reports the matter to relevant authorities and SAI Australia can refer cases to Australia’s newly established National Anti-Corruption Commission for further action. SAI Saudi Arabia refers the suspected cases of corruption to the Oversight and Anti-Corruption Authority (NAZAHA) for further action. SAI Indonesia utilizes an application or platform known as CATCH (Case Tracking and Handling System) to facilitate coordination between the SAI and LEAs as well as to track the follow-up action of the result/report of the investigative audit.

However, each country’s SAI has its approach tailored to its mandate and legal framework for handling suspected corruption cases. The diverse approaches adopted by different countries’ SAI in addressing corruption and misconduct among public officials demonstrate the importance of tailoring approaches to the unique challenges and contexts that SAIs face.
<table>
<thead>
<tr>
<th>Country</th>
<th>Specific approach for handling suspected corruption cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>SAI Argentina does not have a specific mandate in anti-corruption matters; its function consists in the subsequent external control of the National Public Sector.</td>
</tr>
<tr>
<td>Australia</td>
<td>SAI Australia does not have a mandate to investigate corruption. However, it can work with anti-corruption agencies, including referring suspected serious or systemic corrupt conduct to the National Anti-Corruption Commission.</td>
</tr>
<tr>
<td>Brazil</td>
<td>SAI Brazil has the authority to initiate actions based on audits, investigations, and reviews of public resource usage. It can also conduct collaborative inspections with other law enforcement and anti-corruption authorities.</td>
</tr>
<tr>
<td>China</td>
<td>SAI China combats corruption by conducting thorough audits and taking appropriate actions to address misconducts and violations of law.</td>
</tr>
<tr>
<td>France</td>
<td>SAI France (Cour des comptes) handles suspected breaches to financial rules and refers cases to its specialized chambers or to the public prosecutor, depending on the type of offense detected.</td>
</tr>
<tr>
<td>Germany</td>
<td>Germany's Federal Court of Auditors does not have a mandate to detect or fight corruption directly but shares evidence with relevant authorities.</td>
</tr>
<tr>
<td>India</td>
<td>India's SAI (CAG) reports matter to the executive and the concerned Legislature and follows up through periodic repeat audits and coordination committees.</td>
</tr>
<tr>
<td>Indonesia</td>
<td>SAI Indonesia submits its report along with initial evidence to Law Enforcement Agencies such as KPK for their preliminary investigation.</td>
</tr>
<tr>
<td>Italy</td>
<td>All public officials, as well as magistrates report to the criminal prosecutors for cases of alleged corruption.</td>
</tr>
<tr>
<td>Japan</td>
<td>Japan’s SAI (Board of Audit) notifies the Public Prosecutors Office in cases of suspected corruption.</td>
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<tr>
<td></td>
<td>Country</td>
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<tr>
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<tr>
<td>11</td>
<td>Republic of Korea</td>
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<tr>
<td>12</td>
<td>Russia</td>
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<tr>
<td>13</td>
<td>South Africa</td>
</tr>
<tr>
<td>14</td>
<td>Türkiye</td>
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<tr>
<td>15</td>
<td>United Kingdom</td>
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<tr>
<td>16</td>
<td>United States</td>
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<tr>
<td>17</td>
<td>Mauritius</td>
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<tr>
<td>18</td>
<td>Oman</td>
</tr>
<tr>
<td>19</td>
<td>Spain</td>
</tr>
</tbody>
</table>
### 3.3. Following-up on Audit Recommendations:

SAIs frequently issue recommendations in connection with their completed audits. To understand follow-up mechanisms of various SAIs, data regarding the audit recommendations issued and implemented (corrective action has been taken) was collected. The cases also included audit recommendations involving corruption cases. In respect of the SAIs with jurisdictional functions, the data regarding judgements passed and implemented was also collected, and is mentioned below:

**Availability of specific data on audit recommendations:** Country-wise data for Audit recommendations issued and implemented is depicted below:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of Country SAI</th>
<th>Data for Audit recommendations issued</th>
<th>Data for audit recommendations implemented</th>
<th>Data for audit recommendations for which action is yet to be initiated/implemented</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Argentina</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>2</td>
<td>Australia</td>
<td>√</td>
<td>√</td>
<td>NA</td>
</tr>
<tr>
<td>3</td>
<td>Brazil</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>4</td>
<td>Canada</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>5</td>
<td>China</td>
<td>√</td>
<td>√</td>
<td>NA</td>
</tr>
<tr>
<td>6</td>
<td>France</td>
<td>√</td>
<td>√</td>
<td>√</td>
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<tr>
<td>7</td>
<td>Germany</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>8</td>
<td>India</td>
<td>√</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>9</td>
<td>Italy</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>10</td>
<td>Japan</td>
<td>√</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>11</td>
<td>Republic of Korea</td>
<td>√</td>
<td>√</td>
<td>√</td>
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<tr>
<td>12</td>
<td>Russian Federation</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>13</td>
<td>South Africa</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>14</td>
<td>Türkiye</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>15</td>
<td>United Kingdom</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>16</td>
<td>United States</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>17</td>
<td>Mauritius</td>
<td>√</td>
<td>√</td>
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<td>18</td>
<td>Oman</td>
<td>√</td>
<td>√</td>
<td>√</td>
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<tr>
<td>19</td>
<td>Spain</td>
<td>√</td>
<td>√</td>
<td>√</td>
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<tr>
<td>20</td>
<td>Saudi Arabia</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>21</td>
<td>Indonesia</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
</tbody>
</table>

√: Data is available; NA: Data not provided.
Across different countries, the progress of implementation of audit recommendations varies widely. SAIs of France, Italy, Republic of Korea, and Spain show high levels of implementation of audit recommendations. SAIs of Australia, China, Indonesia and Italy have implementation rate of higher than 80 per cent and SAI Russian Federation shows implementation rate more than 50 per cent of the judgements/ rulings.

SAI United States focusses on tracking recommendations related to systemic improvements, such as addressing fraud, waste, abuse, and mismanagement. This targeted approach enhances the overall governance and accountability of public entities. SAI South Africa views the follow-up process as a continuous improvement mechanism. Regularly evaluating the effectiveness of the follow-up process itself and making necessary adjustments help enhance the impact of audit recommendations.

Continuous efforts to improve follow-up action will further strengthen the impact of audit recommendations and contribute to better governance.

**Italy**

The Corte dei conti carries out different types of judgments including pension, liability, and accounting judgments.

**South Africa**

The auditor general of SAI South Africa has the power to prescribe binding remedial action where the recommendations have not been implemented.

**Brazil**

The Federal Court of Accounts (TCU) has the authority to initiate audits, investigate complaints, and evaluate the use of public funds. If corruption is suspected, the TCU can investigate, establish responsibility, impose penalties, and rectify irregularities. The TCU’s findings are then handed over to criminal agencies for further action.
CHAPTER 4: STRENGTHENING COOPERATION BETWEEN SAIs AND OTHER RELEVANT INSTITUTIONS OR BODIES IN COUNTERING CORRUPTION

The chapter emphasizes that no single institution can effectively combat corruption alone and that a collective effort is required to address this global challenge. On these lines, it stresses upon the necessity of SAIs, anti-corruption agencies, financial intelligence units (FIUs), regulators, law enforcement, and other relevant authorities for working together to prevent, identify and investigate corruption offences. Improving information and data interchange between anti-corruption organizations and government agencies is critical for detecting, preventing, and combating corruption. Partnerships with worldwide, regional, and national expert groups are also suggested to enhance collaboration and good practices in auditing to avoid and combat corruption. This chapter also depicts interaction between SAIs and internal auditors to strengthen the internal controls in the public sector.

4.1. Cooperation between SAI and anti-corruption agencies

There are several anti-corruption agencies around the world that play a significant role in combating corruption. They all share the common goal of promoting integrity, transparency, and accountability in public and private sectors. A few examples of anti-corruption agencies from different countries include the National Anti-Corruption Commission – Australia; Corruption Eradication Commission (KPK) – Republic of Indonesia; Serious Fraud Office (SFO) - United Kingdom; Central Anti-Corruption Bureau (CBA) - Poland; Independent Commission against Corruption (ICAC) - Hong Kong; Central Bureau of Investigation (CBI), Directorate of Enforcement (ED) - India, etc.

Collaboration, international engagements and engagement with stakeholders for cooperation and knowledge sharing amplify the impact of SAIs’ anti-corruption.

Formal agreements: SAIs, such as Brazil, China, India, Saudi Arabia, Mauritius, Oman, Spain, Republic of Korea and Indonesia emphasize the importance of cooperation and information sharing with other relevant anti-corruption agencies and institutions. They establish formal agreements and collaborative mechanisms to exchange knowledge, evidence, and best practices in countering corruption effectively. However, each country’s SAI may have unique bilateral or multilateral
partnerships with specific agencies, tailored to their domestic context and requirements. SAI Brazil has technical cooperation agreements with various institutions, including the Federal Police and the Federal Public Prosecutor’s Office, to facilitate joint actions and information exchange. SAI Oman signed a cooperation program with the National Centre for Financing Information to exchange information on money laundering and terrorism financing. SAI Saudi Arabia has dedicated an office for issues for the exchanging of data between the GCA and the Oversight and Anti-Corruption Authority and cooperation with the Oversight and Anti-Corruption Authority.

**International Engagement:** SAIs from countries, including Brazil, the Republic of Korea, India and the United States, actively participate in international forums and organizations focused on combating corruption. They contribute to the development of global guidelines and strategies to address corruption at an international level. SAIs’ level of engagement and specific contributions to international anti-corruption efforts vary. The United States’ GAO actively collaborates with the International Public Sector Fraud Forum, whereas the Republic of Korea’s BAI participates in meetings held by the OECD, UNODC, and G20 Anti-Corruption Working Group. SAI Oman is a member in the working group of government experts in the UN convention against Transnational organized Crime and the Protocols. SAI Argentina is a member of the Technical Commission, specialized in the Fight against Transnational Corruption.

**Specialized Anti-Corruption Authorities:** Australia, France, Italy, Indonesia and Saudi Arabia, have established specialized anti-corruption authorities (NACC in Australia, AFA and HATVP in France, ANAC in Italy, KPK in Indonesia and Nazaha in Saudi Arabia) to promote public integrity and prevent corruption. The respective SAIs cooperate and coordinate with these authorities to enhance their collective efforts against corruption.

**Internal and External stakeholders:** The extent and nature of collaboration with internal and external stakeholders vary based on each country’s governance structure and legal framework. SAIs in countries, such as India, South Africa, Oman, China, and the United Kingdom, collaborate with different stakeholders to identify and combat corruption. This includes working with law enforcement agencies, judiciary, civil society, and other public bodies to share information and coordinate actions against corruption. The Auditor-General of South Africa collaborates with the Fusion Centre. The Fusion Centre⁴ is a public collaboration/partnership that enables improved cooperation with law enforcement agencies for exchanging intelligence across all levels and sectors of government in South Africa. SAI Oman collaborates with Royal Omani Police through Anti-Crime Department and

Economic-Crime Department. SAI China provides relevant audit reports to Central Inspection Office to aid them with the inspection work.

Additionally, SAIs also take distinct approaches to counter corruption based on its legal framework, institutional setup, and the specific challenges it faces in combating corruption. Exemplary approaches adopted by countries are mentioned below:
SAI maintains good relations with stakeholders involved in preventing fraud and corruption and conducts audit work on fraud and corruption against government agencies.

SAI reports significant cases of fraud and corruption to investigating agencies like CBI, CVC, and LokAyukta, facilitating coordinated action.

SAI exchanges knowledge with the internal audit function, using their results as a source of information in its independent audits.

SAI participates in the National Strategy to Combat Corruption and Money Laundering, coordinating with various public bodies to formulate policies against corruption and money laundering.

SAI is a member of the National Committee for combating money laundering and financing terrorism.

SAI participates as an independent external auditor of the international anti-corruption academy, reviewing studies related to corruption during the audit.
It is evident that the theme of cooperation and collaboration emerges as a cornerstone in SAIs strategies, enabling the exchange of valuable information and collective action in tackling corruption. While distinct approaches highlight how SAIs tailor their efforts to suit their country’s context and legal frameworks, the overall commitment to combating corruption remains unwavering.

The SAIs of various countries take different actions to collaborate with relevant stakeholders and anti-corruption authorities to enhance risk detection and improve preventive mechanisms.

**Collaboration with Anti-Corruption Authorities**: SAIs in Argentina, Australia, Brazil, China, India, Oman, South Africa, Republic of Korea, Indonesia and United States actively collaborate with anti-corruption agencies and law enforcement bodies. They share information, conduct joint investigations, and exchange expertise to enhance risk detection and combat corruption effectively.

**Memoranda of Understanding (MoUs)/ Formation of Councils**: SAIs in Italy and South Africa have established MoUs with anti-corruption bodies. These formal agreements facilitate the sharing of information, coordination of efforts, and identification of corruption risks. By forming operating Bilateral councils, SAI Republic of Korea aids in eradication of Public Sector corruption.

**Data Sharing and Transparency**: SAIs of Argentina and France have embraced transparency by opening public datasets and publishing reports on their audits related to fraud and corruption. This approach promotes accountability and enables stakeholders to access valuable information for risk detection.

**Participation in International Fora**: SAIs actively participate in international forums and organizations dedicated to fighting corruption. SAIs of Brazil and Italy collaborate through the International Organization of Supreme Audit Institutions (INTOSAI) and share guidelines and audit plans. SAI Italy has specific initiatives targeting anti-corruption and fraud themes. It participates in inter-institutional
negotiation tables and conferences to coordinate anti-corruption activities globally, demonstrating a proactive role in combating corruption. SAI China (CNAO) is a member of the Working Group on the Fight Against Corruption and Money Laundering under INTOSAI.

**Australia**

Australia established the National Anti-Corruption Commission to deal with serious or systemic corrupt conduct in the Australian public sector. Further, SAI Australia (ANAO) contributes to the Australasian auditing community as a member of the Australasian Council of Auditors-General and has close links with the international and regional auditing community through INTOSAI and its related regional working groups, particularly PASAI and ASOSAI.

**Innovative Programs:** Brazil’s TCU has initiated innovative programs like the National Corruption Prevention Program to reduce fraud and corruption levels in the country. This program offers guidance, training, and models to implement corruption control mechanisms. SAI United States conducts audits using data analytics and investigative techniques to identify fraud risks.

**Oman**

SAI Oman takes proactive steps to develop an annual media awareness plan which includes seminars, educational initiatives, and collaborations with local newspapers and social media platforms. SAI Oman uses audio-visual media programs, TV show and radio programs, to raise

**Internal Communication Policy:** SAI Mauritius is in the process of finalizing a communication policy to enhance its interaction with stakeholders, aligning with INTOSAI guidelines.

**4.2. SAI and Internal Audit:**

INTOSAI defines an internal audit function as the functional means by which the managers of an entity receive an assurance from internal sources that the processes for which they are accountable are operating in a manner which will minimize the probability of the occurrence of error, inefficient and uneconomic practices, or fraud. Internal audit services are subordinate to the head of the entity within
which they have been established. Nevertheless, they ought to be functionally and organizationally independent as far as possible.

**External Audit**

The role of External Auditor of public institutions is generally carried out by a specialized governmental body such as Supreme Audit Institutions (SAIs). SAIs are critical to auditing public expenditure and ensuring accountability in the public sector.

**Internal Audit**

Internal Audit function assists the management in improving internal controls and processes thus reducing the control risks.

Most SAIs have some involvement with internal audit functions, providing technical support and guidance to improve efficiency. Some assess performance and quality. However, some SAIs don’t actively engage with Internal Auditors, either due to a lack of mandate or resources.

Different approaches have been taken by SAIs regarding their support to Internal Audit and assessment of internal audit functions as follows:

**Active Support and Assessment**: SAIs, in Brazil, India, Republic of Korea, Indonesia and Russian Federation actively support and assess internal audit functions. They do this through various mechanisms, including participation in programs aimed at strengthening internal control mechanisms (e.g., Brazil’s Procor program) and conducting assessments of internal audit institutions based on 25 indicators (e.g., Republic of Korea’s BAI) and identify strengths and weaknesses in key control points.

**Promotion of Collaboration and Training**: SAIs of France, Mauritius, Oman and Indonesia focus on promoting collaboration and training to enhance the effectiveness of internal audit in the public sector. They establish agreements with internal auditors to facilitate planning and data exchange (France) and continually assess internal audit functions at different levels through their work (Mauritius) of the government bodies. SAI Oman implemented training program (Financial and Administrative Audit) of internal audit units in government entities.

**Independence from Internal Audit**: SAIs in Argentina, Canada, Germany, South Africa, and United Kingdom generally do not support or directly assess internal audit functions. Instead, they concentrate
on their own audits, evaluate the control environment, and maintain independence from the internal audit function.

**Evaluation of Internal Control Systems:** SAIs of Italy, Oman, Spain and Türkiye evaluate public institutions' internal control systems, which includes assessing the functioning of internal auditing as part of their financial and performance management. SAI Saudi Arabia implements its mandate by evaluating the performance and efficiency of the internal audit units in government entities and requests the entity to strengthen the department concerned with carrying out the internal audit mission in accordance with the Unified Policy of Internal Audit Units in Government Agencies.

**Republic of Korea**

BAI annually assesses the organization, operation, and audit performance of all internal audit institutions based on 25 indicators, announces the results, and awards excellent internal audit institutions, thereby strengthening of internal audit institutions.

**Collaboration and Information Exchange:** SAIs of Japan, Spain, and Indonesia focus on collaboration and information exchange with internal audit institutions, holding regular meetings, providing training, and exchanging information to improve public audits and internal controls. Through the policy and operational guidance of internal auditing, SAI China provides professional guidance over internal audit work of the auditees.

**Nigeria**

In Nigeria, Law enforcement agencies have recommended strengthening of internal control mechanisms to prevent fraudulent activities. Periodic internal control assessments are conducted to identify weaknesses and implement necessary improvements.

By supporting and assessing internal audit functions, SAIs contributes to a culture of accountability and continuous improvement in government operations, benefiting citizens and promoting overall national development. Engagement of the SAIs and internal auditors in assessing regulatory compliance and better ensuring the highest standards of financial integrity clearly illustrate their strategic position to contribute to anti-corruption efforts.
CHAPTER 5: USE OF INFORMATION AND COMMUNICATIONS TECHNOLOGIES (ICTS) TO SUPPORT THE ROLE OF SAIs IN COUNTERING CORRUPTION

G20 countries aim to promote ICT platforms to monitor public finances through open data policies, secure electronic platforms for reporting suspected corruption cases and to make audit results more accessible and understandable. They also enhance ICT support for SAIs, facilitate knowledge exchange between auditors, and explore innovative data analytics methods. Digitalization in public finances management, accounting, financial statement disclosures and auditing are also promoted to better identify, prevent, and counter corruption. SAIs also consider risk-based and data-driven approaches to audit planning and to allocate resources effectively.

With regard to use of ICT by SAIs to improve the efficacy of the auditing function, many SAIs have deployed different ICT methods and data analytics techniques in their audits. The ICT tools and methods may be deployed for risk assessment of audited entities, for sample selection and during the audit execution for detailed analysis on the selected sample. By leveraging ICT in auditing, auditors can enhance their analytical capabilities, improve efficiency, and obtain deeper insights into organizations’ financial and operational activities.

5.1. Leveraging ICTs to enhance the effectiveness of auditing

Many SAIs highlighted the importance of investing in training and capacity building for staff to ensure that they are equipped with the necessary skills to effectively use ICT tools. Additionally, several SAIs emphasized the need for collaboration and sharing of knowledge across SAIs to facilitate the adoption of best practices in this field and avoid duplication of efforts by SAIs. Overall, it was evident that the use of ICT is becoming increasingly important for SAIs as government functions rapidly digitize.

SAIs in Brazil, India, Oman, and the United States have prioritized theme-based audits focused on anti-corruption and fraud prevention. They leverage data analytics, advanced technologies, and cross-checking data from different sources to identify suspicious activities and hidden relationships among auditees. SAIs across nations use data analytics to identify anomalies and prevent fraud in various sectors.
Social Welfare Programs
SAIs in India and South Africa have conducted audits on social welfare programs, including scholarships, benefits, and grants, and utilize data analytics to identify anomalies, verify beneficiary information, and prevent fraud. Further, SAI India analyzes data of over 120 million farmers under the National Social Scheme for farmers.

Audit of IT Systems
SAIs in India and Spain conduct audits related to government IT systems and cybersecurity. They use data analytics to assess the security and integrity of IT infrastructure, detect vulnerabilities, and evaluate compliance with data protection regulations. SAI China practices a digital audit model of ‘Overall analysis, detection of suspicion, decentralized verification and systematic research’. SAI France has two different teams to support auditors (team of IT auditors and data scientists) for conducting audits.

Public Procurement
SAI Spain employs data analytics to assess the integrity of procurement processes, detect potential corruption risks, and evaluate the effectiveness of procurement systems.

Financial Management
SAI United Kingdom, Australia and Canada emphasize theme-based audits on financial management. They utilize data analytics and advanced technologies to assess financial control systems, analyze financial transactions, and identify risks. SAI Canada created Data Analytics Research Method (DARM) to provide and assist audit teams.

Healthcare
SAIs in Italy and South Africa have conducted audits focused on the healthcare sector using data analytics to assess the effectiveness and efficiency of healthcare programs, identify irregularities in healthcare spending, and ensure compliance with regulations.

Education
SAIs in Brazil, India and South Africa use data analytics to monitor the allocation and utilization of education funds, identify irregularities in educational institutions, and ensure proper resource management.
SAIs in Brazil, Germany, India and Indonesia have emphasized audits related to digital transformation in government entities. They focus on how government entities are adapting to digital technologies, ensuring data security, and using data analytics to improve audit processes. These tools help enhance government efficiency and transparency. SAI Germany released an Internal Audit guide along with the white paper5 'Auditing Algorithm', developed together with SAI Finland, SAI Netherlands, SAI Norway and SAI UK. Adoption of a national e-governance plan by SAI India led to a paradigm shift in public administration from traditional record keeping to maintaining massive databases. SAI Saudi Arabia established a specialized department called the “Computer Operations Control Department” to inspect and evaluate computer systems and information security. SAI Indonesia utilizes digital forensics to preserve the integrity of the collected digital evidence. Digital forensics also assists auditors in locating important hidden and inaccessible digital evidence. Law enforcement agencies in Nigeria have embraced technology to enhance their auditing processes. The integration of advanced data analytics and digital tools allows for better detection of irregular patterns and anomalies that may indicate corruption.

To document the use of Data Analytics techniques and Artificial Intelligence in auditing, the Supreme Audit Institutions-20 (SAI20 Engagement Group under G20) recently published6a compendium on the Responsible Artificial Intelligence.

### 5.2. Trend of use of Data Analytics in Audit

The data regarding audit assignments by SAIs which involved the use of ICT, including data analytics techniques, was collected for the preceding three years. Since the definition of data analytics/ICT tools was interpreted by countries in different manners, each country provided the data as per their own understanding. The data was analyzed to see the trends in adoption of ICT in audits.

- **Increasing Adoption**: SAIs, in Canada, France, South Africa, India, Mauritius, Oman, Republic of Korea, and Spain, showed an increasing trend in the adoption of ICT and data analytics in audit assignments over the three-year period. This indicates a growing recognition of the importance of leveraging technology for audit processes.

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5. https://www.auditingalgorithm.org/
Data analytics is an essential tool for SAIs to analyze vast amounts of data efficiently and identify patterns and anomalies. SAIs of South Africa and Türkiye highlighted the use of ICT for specific purposes, such as data analytics for fraud detection in South Africa while Türkiye uses standardized software that enables data analysis in all its audits. The common trends and variations observed in the use of ICT and data analytics among the countries studied highlight the diverse approaches taken by SAIs to leverage technology in their audit assignments. The adoption of the above methods by SAIs reflects their responsiveness to current governance challenges and the increasing use of data-driven approaches in auditing. By targeting specific themes, SAIs can focus their resources and efforts.

Overall, the diverse strategies and efforts employed by SAIs to tackle corruption through auditing demonstrate the importance of embracing technological advancements, promoting collaboration and transparency, and addressing implementation challenges to strengthen the effectiveness of auditing functions.

G20 remain committed to embracing responsible ICT innovations, enabling cross-sector collaboration, and enhancing cooperation and partnership for preventing and combatting corruption, in accordance with domestic law and with due regard for data protection and privacy rights.
CASE STUDIES FOR USE OF ICT IN AUDIT

AUSTRALIA

The ANAO endeavors to ensure that it remains responsive to technology and data changes, specifically in analysing how government is using technological advances to support program implementation service delivery and to manage risk. The ANAO has invested in building data analytics capability within its audit work. This has enabled the ANAO to better identify financial reporting, fraud and operational business risks, and tailor its approaches to deliver more targeted risk-based audits.

BRAZIL

The TCU (Brazil) utilizes several platforms, including LabContas, LabCor, Alice, and SAO, to identify risks in control activities. LabContas is a comprehensive platform consisting of 80 public administration databases, offering information, tools, and solutions for data analysis. LabCor is focused on intelligence and combating corruption, while Alice automates the analysis of auction announcements. SAO, on the other hand, is an automatic analysis tool for public works budgets.

CANADA

The Office of the Auditor General (OAG) in Canada has a data analytics research method (DARM) team to support audit teams in using data analytics techniques during their audits. For instance, in financial audits, the teams commonly rely on data analytics tools like IDEA, Mindbridge or PowerBI to select financial transactions for testing based on risk and other
CHINA

SAI China follows a digital audit approach. During the audit process, priority is given to collecting and utilizing internal and external data, as well as social media information and public opinion. Big data technology is used to analyze the audited entities’ business processes and major risk points, employing tools such as SQL, Python, Pajek, and Excel.

FRANCE

The French financial jurisdictions have two dedicated teams to assist auditors. The first team comprises IT auditors who specialize in auditing information systems, algorithms, and digital platforms. They identify frauds by examining financial software and gathering evidence from mailboxes. The second team consists of data scientists, who provide magistrates with data analysis studies using AI and traditional quantitative methods.

GERMANY

SAI Germany has applied ICT technique in multiple cases, such as auditing travel cost reimbursement and visualizing planning data of federal IT measures. Furthermore, they have released an internal audit guide on emerging technologies. The guide follows a structured methodology and can be referred by auditors for assistance of any kind related to AI or IT expertise.

INDONESIA

BPK (Indonesia) employs sophisticated data analytics and data mining techniques to efficiently process large volumes of financial data. By analysing data from various sources, including government databases, financial systems, and other relevant sources, auditors can identify patterns, anomalies, and potential red flags indicating corruption or financial irregularities.
SAI India has set up the Centre for Data Management and Analytics (CDMA) to oversee data analytics initiatives within the organization. The CDMA is responsible for guiding and implementing data analytics projects within SAI India.

The SAI Italy is establishing a Data Analytics Competence Centre (DACC) to transform itself into a data-driven organization that supports data analysis for institutional functions. Traditional analytics are carried out using IT systems and tools such as business intelligence (BI) software and data architectures such as data warehouses. To improve data sharing and the use of artificial intelligence tools for advanced analytics, the organization is moving to a cloud-based solution to implement a data lake system.

BAI (Republic of Korea) uses an Audit Data Analysis System (BARON) which collects financial and administrative information from central and local governments. This includes budget and expenditure details, contracts, and land and building permits. BARON processes this raw data into a user-friendly format, organizing it by institution and topic. It also offers auditors various data analysis scenarios and tools to conduct their own audits efficiently.

In 2021, the Database of Recommendations of the Accounts Chamber was launched containing information on issued recommendations, status of their implementation and stance of the audited body. To detect indicators of violations in public procurement of goods, works and services, the SAI analyses data published on the Single Information System in Public Procurement Portal (zakupki.gov.ru).
SAUDI ARABIA

The General Court of Audit has established a specialized department called the "Computer Operations Control Department" to inspect and evaluate computer systems and information security. This department reviews emergency plans, mechanisms for saving and retrieving information, ensures that the systems are efficient, effective, and adequately protected. The department performs several other functions that includes identifying deficiencies and risks in automated systems.

SOUTH AFRICA

South Africa utilizes several ICT tools for audits and fraud detection. SQL is commonly used for CAATS and fraud data analytics in annual audits, ensuring the accuracy and completeness of auditee data. Data analytics with SQL help identify anomalies and irregularities for further investigation, particularly during special audits like those conducted during the Covid-19 pandemic. The Fraud Risk Database, implemented in 2021, collects information on fraud-related media articles, potential implicated suppliers, audit planning fraud risks, and prior year audit findings.

TÜRKIYE

The Turkish Court of Accounts (TCA) utilizes advanced software and analysis programs to ensure transparency and accurate data analysis. Public administrations submit their data in a standardized format to the TCA’s software, which serves as an analysis program. This software allows for the identification of corrupt activities, leading to appropriate legal actions being taken.
UNITED KINGDOM

SAI UK regularly uses a variety of data analytics techniques and approaches as part of its audit work. It uses a mixture of off-the-shelf tools and has developed its own programmes in python and R. The examples include data wrangling - web scraping, text analytics, data visualization applications, and machine Learning algorithms to better understand the data and carry out predictive analysis. For example, refer https://www.nao.org.uk/insights/how-data-analytics-can-help-with-audits/

UNITED STATES OF AMERICA

GAO has used extensive data analytics to enhance its audit work, particularly in fraud indicators analysis. GAO uses data mining and data matching, such as cross-checking of data and using external data sources to validate information, to identify suspicious activities. GAO has also conducted network analyses to identify hidden relationships or linkages among actors where they should not exist. The results of these analyses have helped to illustrate fraud risks to compel government action to strategically manage such risks.

MAURITIUS

The SAI of Mauritius has implemented a framework to enhance the knowledge and skills of the Performance Audit Division staff. This framework focuses on data collection and analysis, utilizing both quantitative and qualitative methodologies using ICT. The objective is to improve the quality of audit reports by employing advanced methods and presenting fresh analytical perspectives.
OMAN

The SAI of Oman has launched an electronic platform for receiving complaints and reports on administrative and financial violations. Citizens and residents can report issues related to public services or deficiencies in systems and regulations through various electronic formats, including the SAI website and app. Additionally, ICT tools are utilized for auditing systems, analyzing databases, and monitoring access records when necessary.

SPAIN

SAI Spain utilizes a range of Information and Communication Technologies (ICTs) for auditing purposes. These include widely used market tools like IDEA and Microsoft, as well as internally developed ICTs tailored for auditing public procurement, specific accounts, or sectors within the public sector, such as Social Security, political parties, and state-owned enterprises.
Challenges faced by SAIs

SAIs have been entrusted with the responsibility of ensuring the effectiveness and sound use of public resources. It is likely that they face several challenges in fulfilling their role. The unique challenges faced by SAIs in expanding audit’s role in combating corruption are as follows:

01. Time Constraints

In India and Brazil, time constraints hinder the effective enforcement in complex corruption cases since the prescription period for punitive and compensation claims is time-bound.

02. Collaboration with LEAs

SAIs of Indonesia and South Africa face challenges related to collaborating with law enforcement agencies, since they lack the necessary skills to investigate complex corruption cases, thus limiting the effectiveness of joint efforts.

03. Expertise and Resources

SAI South Africa faces challenges in finding and retaining professionals with the right expertise in forensic auditing and data analytics. The limited availability of specialized skills can impact the ability to combat corruption effectively.

04. Incomplete or Inaccurate Data

SAI India finds difficulties in accessing complete and accurate electronic data, particularly in auditee entities, thus hindering the ability to conduct audits in a seamless manner.
WAY FORWARD

Auditing is an essential tool for preventing corruption and promoting good governance. It allows the organizations to identify weaknesses in their systems and take steps to address them before they lead to corrupt practices. This helps in ensuring that public institutions operate with integrity and serve the best interests of the people. SAIs are critical to auditing public expenditure and ensuring accountability in the public sector. G20 countries can play a pivotal role in further strengthening the role of audit in tackling corruption.

The Compendium depicts how different G20 countries approach auditing to combat corruption. It acknowledges the diverse mandates and legal frameworks within which SAIs operate. It underscores the significance of collaboration between SAIs and anti-corruption agencies. Given the cross-border and interconnected nature of corruption, joint efforts and information sharing among agencies become paramount. By collaborating, SAIs can complement the expertise and resources of anti-corruption bodies, leading to a more holistic and coordinated approach in tackling corruption on a global scale.

Furthermore, the Compendium advocates for enhancing stakeholders’ awareness of the vital role that auditing plays in countering corruption. Engaging stakeholders, including government entities, civil society organizations, and the general public, is crucial to building a culture of transparency and accountability. By fostering a shared understanding of auditing’s importance, stakeholders can actively support and participate in the fight against corruption.

The Compendium places a strong emphasis on leveraging technology and digital innovations in auditing practices. By embracing emerging technologies such as data analytics, auditors can increase audit scope and conduct audits more effectively. Additionally, the Compendium encourages SAIs to foster a culture of continuous learning and professional development. Investing in capacity building and training programs for auditors will equip them with the necessary skills and knowledge to keep pace with the rapidly evolving landscape of auditing and anti-corruption efforts.

As the fight against corruption evolves, the collective power of collaboration, technology adoption, and stakeholder engagement, together with a dedication to ongoing learning, will form the bedrock of robust auditing practices and reinforce global efforts in preventing and countering corruption. As a way forward, let this compendium serve as a catalyst for change, inspiring SAIs to act with integrity, to implement robust anti-corruption measures, and to prioritize anti-corruption efforts.