



G20 High-Level Principles on Enhancing the Role of Auditing in Tackling Corruption

G20 Anti-Corruption Working Group



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Auditing assists institutions in better ensuring integrity, accountability and transparency, particularly in sound financial management of public affairs and public property as well as the efficient use of public resources. As such, auditing plays an important role in contributing to the prevention of and fight against corruption. In this regard, it is important to protect, safeguard and enhance the independence and accountability of audit institutions.

The United Nations Convention against Corruption (UNCAC) includes audit requirements as key elements in corruption prevention, of both the public sector (article 9) and the private sector (article 12). Other parts of the Convention, such as the requirements to preserve the integrity of books, records and other financial documents, make it clear that functions fulfilled by auditors are important in the prevention, detection, investigation and prosecution of corruption. The political declaration of the United Nations General Assembly Special Session (UNGASS)¹ against corruption also stressed the role played by the Supreme Audit Institutions (SAIs) and other oversight bodies in preventing and combating corruption, in particular with regard to promoting integrity, accountability, transparency and the proper management of public affairs and public property, as well as the efficient use of public resources. Relevant resolutions of the Conference of the States Parties (CoSP) to the UNCAC also highlighted this role. Therefore, the functioning 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. In particular, this also has been emphasized by UNCAC CoSP resolution 8/13 entitled “Abu Dhabi declaration on enhancing collaboration between the supreme audit institutions and anti-corruption bodies to more effectively prevent and fight corruption”.

We recall our commitment in the first G20 Anti-Corruption Ministerial Communiqué, under the Saudi G20 Presidency, as elaborated in paragraph 13 of the Communiqué. In its Anti-Corruption Action Plan 2022-2024², the G20 Anti-Corruption Working Group (ACWG) recognizes the importance of promoting “good practices in business integrity and anti-corruption ethics and compliance programmes, covering issues such as maintenance of books and records, financial statement disclosures, accounting and auditing and taking appropriate remedial steps to address wrongdoing” as well as promoting “the role of audit institutions and, where allowed under domestic frameworks, the importance of collaboration with anti-corruption bodies, to increase transparency, accountability, regulatory adherence, and efficiency in the management of public finances”. Given the diversity of SAIs and the differences in their mandates, roles, and division of work with other relevant bodies as well as the task allocated to the SAIs by the national legal framework, their contribution to anti-corruption efforts may be very different. It may consist of the prevention of corruption, the

¹ <https://documents-dds-ny.un.org/doc/UNDOC/GEN/V21/025/88/PDF/V2102588.pdf?OpenElement>

² https://www.unodc.org/documents/corruption/G20-Anti-Corruption-Resources/Action-Plans-and-Implementation-Plans/2021_G20_Anti-Corruption_Action_Plan_2022-2024.pdf

investigation of corruption or even the prosecution of corruption. But this depends on the given framework in the respective state.

Based on those commitments, the Indonesian Presidency has promoted a more prominent role for auditing in the fight against corruption. The G20 High-Level Principles on Enhancing the Role of Auditing in Tackling Corruption highlight the importance of auditing to detect corruption and the role of auditors and SAIs in preventing corruption. These principles are not intended to undermine the functional and organizational independence required by SAIs to carry out their mandates³, as comprehensively set out in the International Organization of Supreme Audit Institutions (INTOSAI) Framework of Professional Pronouncements (IFPP), among others, the INTOSAI-P 1 Lima Declaration⁴ of Guidelines on Auditing Precepts and the INTOSAI-P 10 Mexico Declaration⁵ on SAI Independence. Rather, we build on the significant role of auditors, including SAIs, in the fight against corruption. They can assist in identifying corruption risks as well as building robust and effective internal controls that contribute to the prevention of corruption.

Furthermore, the principles build on existing international standards, instruments and good practices, which are complemented by the 2015 G20 High-Level Principles on Private Sector Transparency and Integrity⁶ and the 2017 G20 High-Level Principles on Organizing Against Corruption⁷. These principles reaffirm the importance of audit in the fight against corruption. Leading by example, G20 countries, while respecting the independence of audit institutions, can apply these principles in accordance with the fundamental principles of domestic frameworks and legal systems and as guidance to enhance and complement existing anti-corruption commitments. These principles do not aim to undermine the existing division of labour between law enforcement agencies and SAIs and the corresponding legal and institutional frameworks.

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³ SAIs may be classified into the following three different models: (i) Westminster or Parliamentary model; (ii) Board or Collegiate model; (iii) Judicial or Napoleonic model. In addition, a fourth unofficial model exists, which combines different structures and elements from across all three recognized models. https://www.unodc.org/documents/corruption/G20-Anti-Corruption-Resources/Thematic-Areas/Public-Sector-Integrity-and-Transparency/Overview_of_Supreme_Audit_Institution_SAI_Models_2022.pdf

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https://www.intosai.org/fileadmin/downloads/documents/open_access/INT_P_1_u_P_10/INTOSAI_P_1_en_2019.pdf

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https://www.intosai.org/fileadmin/downloads/documents/open_access/INT_P_1_u_P_10/INTOSAI_P_10_en_2019.pdf

⁶ https://www.unodc.org/documents/corruption/G20-Anti-Corruption-Resources/Thematic-Areas/Private-Sector-Integrity-and-Transparency/G20_High_Level_Principles_on_Private_Sector_Transparency_and_Integrity_2015.pdf

⁷ https://www.unodc.org/documents/corruption/G20-Anti-Corruption-Resources/Thematic-Areas/Public-Sector-Integrity-and-Transparency/G20_High_Level_Principles_on_Organizing_Against_Corruption_2017.pdf

Principle 1: Support the role of auditing bodies in contributing to preventing and countering corruption

G20 countries should consider, where necessary, building or amending and promoting legal frameworks and strengthening institutional frameworks that guide and support public sector auditors in contributing to countering corruption and promoting integrity, to the extent that public sector auditors have such a role under domestic legal systems, including through a system of accounting and auditing standards, and providing the appropriate level of independence. They should also engage with relevant stakeholders to strengthen frameworks that support private sector auditors in contributing to countering corruption.

G20 countries will endeavour to apply this principle by:

- Establishing and effectively implementing a strong and coherent legal, administrative, and regulatory framework, in accordance with the fundamental principles of domestic frameworks and legal systems, on the system of accounting, auditing standards and related oversight of public finance and public property, including provisions for access to data, information and records that facilitate the work of auditors in contributing to preventing and countering corruption.
- Promoting laws and regulations – taking into consideration internationally accepted standards – that contribute to the role of auditing in promoting transparency and accountability of public finances.
- Establishing a clear legal basis and framework of ethics, integrity, and codes of conduct for auditors, and ensuring its effective implementation, in accordance with the fundamental principles of domestic frameworks and legal systems.
- Promoting integrity and honesty through the application of codes of conduct in the auditing entity and considering aligning the codes of conduct of SAIs with the Code of Ethics promulgated by INTOSAI⁸, to promote compliance with the highest standards of professional ethics and to prevent conflicts of interest, in accordance with the fundamental principles of domestic frameworks and legal systems.
- Taking measures to ensure a clear legal basis and framework that requires the private sector to maintain books and records, providing for financial statements in accordance with accounting standards and auditing, and ensure its effective implementation, consistent with UNCAC article 12.
- Enhancing integrity, transparency, independence, accountability and good governance of public and private sector auditors, in accordance with the fundamental

⁸ISSAI 130

https://www.intosai.org/fileadmin/downloads/documents/open_access/ISSAI_100_to_400/issai_130/ISSAI_130_en.pdf

principles of domestic frameworks and legal systems and, where applicable, with international good practices.

- Ensuring that auditees are aware of the relevant accounting and auditing rules and standards that should be followed with regard to corruption and details of related oversight systems.
- Enhancing citizen and stakeholders' awareness of SAI's and internal audit functions (IAF)'s role, responsibilities, and audit works in contributing to preventing and countering corruption.

Principle 2: Strengthen the role and capacity of SAIs and public sector internal auditors to identify, prevent and counter corruption in accordance with their mandates

Recognizing that SAIs and IAFs may play a role in identifying, preventing and countering corruption, G20 countries should take measures to ensure that these entities have the capacity to follow INTOSAI and other relevant standards, in accordance with the fundamental principles of domestic frameworks and legal systems.

G20 countries will endeavour to apply this principle, in accordance with the fundamental principles of domestic frameworks and legal systems, by:

- Protecting the independence of SAIs and, as applicable, other oversight bodies, to enable them to carry out their functions effectively and free from any undue influence, consistent with the INTOSAI Lima and Mexico Declarations.
- Adopting systems for recruitment, hiring, retention, promotion, and retirement of public officials of the SAI and IAF, based on the principles of efficiency, merit and transparency.
- Taking measures to ensure that all SAI and public IAF staff are aware of and receive training or certification on their roles in identifying, preventing, investigating, and reporting corruption, in accordance with their mandates.
- Considering the adoption of risk-based and data-driven approaches to audit selection to enable SAIs and IAFs to allocate resources effectively to identify, prevent and counter corruption.
- Ensuring that SAIs and IAFs have sufficient resources and the capacity to plan, conduct and review audit programmes to assess institutional frameworks, including risk management frameworks, for countering corruption.
- Taking measures to ensure SAI and internal audit staff enjoy protection from retaliation when they report corruption, as contemplated in UNCAC article 33.

Principle 3: Develop robust national frameworks to promote the follow-up of the audit findings related to corruption.

Recognizing the role that internal and external auditors may play in contributing to preventing and countering corruption, G20 countries should take steps to develop robust national frameworks to help ensure that suspected corruption identified by auditors is followed up by the audited entity and, where appropriate, relevant authorities.

G20 countries will endeavour to apply this principle, in accordance with the fundamental principles of domestic frameworks and legal systems, by:

- Taking measures to ensure a clear procedure and allocation of responsibilities, where applicable, for follow-up actions undertaken by the audited entity in response to reports and, where applicable, other recommendations made by auditors.
- Consider requiring the audited entity to clearly identify the functions of individuals who are responsible for responding to such reports, and where applicable, implementing recommendations linked to corruption made by auditors.
- Strengthening the role of oversight bodies, such as Parliaments, internal control bodies, Committees, Boards of Directors or other governing bodies to ensure the appropriate follow-up of the findings by auditors linked to potential corruption.
- Establishing appropriate measures for situations where organizations and individuals fail to act on or respond to audit findings or, where applicable, recommendations linked to potential corruption.

Principle 4: Strengthen efforts to build and enhance cooperation among SAIs, IAFs, anti-corruption agencies, law enforcement and other relevant institutions in countering corruption

Efforts to counter corruption and promote integrity should not be undertaken in silos. G20 countries should develop a holistic system of accountability and integrity, that involves multiple sectors and a collaborative and coordinated response, while also respecting the separation of powers and tasks under national legal systems and the ensuing limitations to cooperation.

G20 countries will endeavour to apply this principle, in accordance with the fundamental principles of domestic frameworks and legal systems, by:

- Building and strengthening, where appropriate, relations among SAIs, IAFs, anti-corruption agencies, financial intelligence units (FIUs), regulators, law enforcement,

and other relevant agencies/institutions in the prevention, detection, investigation, or prosecution of corruption offences, and asset recovery.

- Promoting, where SAIs and IAFs have jurisdictional functions, cooperation with judicial authorities in order to coordinate investigations and penalties for corruption offences.
- Improving the exchange of information and data among anti-corruption bodies, SAIs, IAFs, and other government bodies with anti-corruption mandates, including for consultative purposes, and considering publishing periodic reports by relevant agencies on the risks of corruption identified in public administration.
- Exploring ways to support cooperation relating to identifying, preventing and countering corruption, including through establishing secure and effective channels to facilitate timely communication between public sector audit authorities and other competent authorities.
- Considering promoting partnerships with relevant international, regional, and national expert groups/initiatives that support information exchange, cooperation and good practices on supporting the role of audit in preventing and countering corruption.
- Considering exploring ways to enhance timely sharing of audit information related to cross border transfer of proceeds of corruption by relevant authorities, and to make full use of audit in addressing transnational corruption.
- Fostering cooperation, between SAIs, IAFs in the public sector, and where appropriate, the private sector, law enforcement agencies, FIUs, criminal or administrative justice and corruption prevention authorities, to 1) collect and share data to enhance risk detection and audit; 2) share the themes, trends, and learning of audits and investigations to improve preventive mechanisms; and 3) build capacity and raise awareness about existing and emerging corruption risks.
- Encouraging the establishment of communication channels to enable civil society to share information on possible cases of corruption to audit and/or anti-corruption authorities.

Principle 5: Promote the use of information and communications technologies (ICTs) to support the role of auditing in countering corruption

The use of ICTs⁹ including innovative technologies can significantly improve the detection and prevention of corruption. G20 countries should utilize ICTs to enhance the effectiveness of auditing function, in order to promote transparency and facilitate the reporting and detection of acts of corruption where this is part of the role of private and public sector auditors under domestic frameworks.

⁹ In line with the High-Level Principles for Promoting Public Sector Integrity Through the Use of Information and Communications Technologies (ICTs).

G20 countries will endeavour to apply this principle, in accordance with the fundamental principles of domestic frameworks and legal systems, by:

- Encouraging the use of ICT platforms to improve access to legal requirements in relation to accounting and auditing, and make the results of audits of public finances available and understandable to the public.
- Encouraging the use of ICT to monitor the use of public finances through appropriate domestic record-keeping obligations in particular by considering the adoption of an open data policy to support the audit process.
- Considering establishing secure electronic platforms to facilitate reporting possible cases of corruption, bearing in mind relevant articles of the UNCAC, in particular article 32 and 33.
- Taking measures to ensure ICT support for SAIs and IAFs and enhance their capacity to perform the audit function, and conduct corruption risk assessments in detecting and preventing corruption
- Exploring the possibility of using ICTs to facilitate knowledge exchange between public and private sector auditors in detecting and preventing corruption.
- Exploring innovative use of ICTs for data analytics to support auditors in contributing to preventing and countering corruption, such as through the use of artificial intelligence tools and advanced qualitative methods¹⁰.
- Promoting digitalization in the management of public finances, maintenance of books and records, financial statement disclosures, accounting and auditing to better identify, prevent, and counter corruption.

Principle 6: Encourage the private sector audit profession to take a role in identifying and reporting corruption

G20 countries should encourage active engagement among the private sector audit profession, appropriate authorities, and other relevant stakeholders to better support the countering of corruption. This could include considering ways to support capacity building and governance in the private sector audit profession.

G20 countries will endeavour to apply this principle, in accordance with the fundamental principles of domestic frameworks and legal systems, by:

- Working with professional associations and oversight authorities or other relevant bodies that regulate the private sector audit profession to ensure that auditors are aware of indicators of corruption.

¹⁰ In line with para. 8 of the Annex “Elaborations on the Future Directions of Public Auditing” of the Moscow Declaration, adopted during the XXIII INCOSAI, 25-27 September 2019.



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- In cooperation with professional associations and the private sector, raising awareness and, where appropriate and in accordance with their mandate, providing training for audit profession including internal audit functions on identifying, reporting, and preventing corruption, including the audit of the adequacy of internal control and risk management systems.
- Considering requiring the private sector audit profession to report suspected acts of corruption to management, corporate monitoring and governance bodies, or where appropriate to relevant authorities, and that those who report corruption enjoy protection from retaliation, as contemplated in UNCAC article 33.
- Working with professional associations in maintaining adequate standards to ensure the independence of external auditors which permits them to provide an objective assessment of entities' financial statements and internal controls.

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