

INTOSAI



INTOSAI

**EXPERIENTIA MUTUA
OMNIBUS PRODEST**

LIMA DECLARATION

MEXICO DECLARATION

DÉCLARATION DE LIMA

DÉCLARATION DE MEXICO

DEKLARATION VON LIMA

DEKLARATION VON MEXIKO

DECLARACIÓN DE LIMA

DECLARACIÓN DE MÉXICO

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**LIMA DECLARATION OF GUIDELINES ON
AUDITING PRECEPTS**

MEXICO DECLARATION ON SAI INDEPENDENCE



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Foreword by the Secretary General

The principal task of Supreme Audit Institutions (SAIs) is to examine whether public funds are spent economically, efficiently and effectively in compliance with existing rules and regulations. Thereby they promote Good Governance and contribute significantly to the fulfilment of international objectives including the United Nations Millennium Development Goals.



To perform their task well Supreme Audit Institutions need to be independent from the agencies they audit and they must be protected against any form of outside influence. It is also crucial that their audit methods are based on current scientific and technical knowledge and that their auditors have the necessary professional qualifications and moral integrity.

Only an independent external government audit function – in conjunction with professional staff and methodologies – can guarantee an unbiased, reliable and objective reporting of audit findings. The independence of Supreme Audit Institutions is therefore of primary importance for the transparency of public administration. It furthermore safeguards and sustains the efficiency of the control functions of Parliaments, thereby strengthening public trust in government institutions.

The central aim of the International Organisation of Supreme Audit Institutions (INTOSAI) is to reinforce the independence and professionalism of external government auditing on a sustainable basis. In 1977, the “Lima Declaration” determined the principle of independence of government auditing in methodological and professional terms. In the “Mexico Declaration” 30 years later, the XIX Congress of INTOSAI (2007, Mexico) defined these requirements in



more concrete terms and identified eight pillars for the independence of external government auditing.

The present publication brings together for the first time these two fundamental INTOSAI Declarations in one booklet. It gives an overview of essential conditions for the effective work of external government auditing and offers guidance and practical advice for competent decision makers in legislatures and Supreme Audit Institutions on how best properly to organise it.

Dr. Josef Moser

President of the Austrian Court of Audit
and Secretary General of INTOSAI

October 2009



Foreword by the Chairman of the INTOSAI Governing Board

One of the main priorities of Supreme Audit Institutions (SAIs) is to enjoy the necessary autonomy and independence in order to secure the financial, material and human resources that are required for the efficient performance of their duties in accordance with the legal provisions governing their mandate.



The freedom of SAIs to carry out their audit tasks without barriers, whether political, administrative, financial or legal, as well as the free access by the public to their results, ensure the objectivity of their findings, their credibility and the transparency of all processes, and make possible that those findings are reflected in preventive or remedial actions aimed at improving government.

The Declaration on SAI Independence, known as the “Mexico Declaration”, was adopted at the XIX Congress of the International Organization of Supreme Audit Institutions (INTOSAI), meeting in Mexico City, and represents the most authentic expression of this search for autonomy with respect to any existing entity or element of power wishing to alter the course of this all-important task. In this way, the international auditing community represented in INTOSAI highlights its position on the matter and establishes the fundamental principles under which the SAIs are able to ensure the proper conduct of their activities.

The eight principles enshrined in the Mexico Declaration address aspects of legal certainty, transparency, information management, follow-up mechanisms and availability of resources that allow SAIs to carry out the work that society has entrusted to them, and it is their foremost



duty to devote all their efforts to the benefit of society. A commitment to serve, an unimpeachable ethical behaviour, adequate expertise and technical capabilities and appropriate administrative and legal tools are all imperative for the fulfilment of their mandate. This is the reason why INTOSAI decided to establish the basic principles that its members should follow in order to achieve real autonomy and independence in the performance of their duties.

We should always bear in mind the social element of our work, to which we are committed and that does credit to us all. In a true democracy there is one overriding principle: the people are in command, their agents obey, are accountable and submit to a higher control. We at INTOSAI are convinced of the role that SAIs play as a mirror and conscience of society, to which they are duty-bound and have the privilege to serve.

C.P.C. Arturo González de Aragón

Auditor General of Mexico and
Chairman of the INTOSAI Governing Board

October 2009



Foreword by the Chair of the INTOSAI Subcommittee on the Independence of Supreme Audit Institutions

Members of legislative assemblies are responsible for holding governments accountable for their actions. The role of Supreme Audit Institutions (SAIs) is to provide them with independent, fact-based, and reliable information, and assurance to help them fulfill this responsibility. With our reports and testimonies, we assist legislative assemblies in their work related to the authorization and oversight of government spending and operations.



Maintaining our objectivity and independence from the organizations we audit is critical to the credibility of our reports. This independence can be protected through various safeguards, including the following:

- the existence of an appropriate and effective legal framework that spells out the extent of SAI independence;
- a broad legislative mandate and full discretion in the discharge of SAI functions;
- the independence of SAI heads and members including security of tenure and legal immunity in the normal discharge of their duties;
- unrestricted access to information;
- the right and obligation to report on the government's work;
- the freedom to decide on the content and timing of audit reports and the right to publish and disseminate them;
- the existence of a follow-up mechanism for recommendations; and



- financial and administrative autonomy and the availability of appropriate human, material, and monetary resources.

These safeguards are the essence of the eight guiding principles of SAI independence as stated in the Mexico Declaration on SAI Independence.

I was honoured to chair the INTOSAI Subcommittee on the Independence of Supreme Audit Institutions. Members of the Subcommittee included the supreme audit institutions of Austria, Antigua and Barbuda, Cameroon, Egypt, Portugal, Saudi Arabia, Sweden, Tonga, and Uruguay.

In November 2007, the Subcommittee delivered its final report to the XIX Congress of INTOSAI in Mexico. The report included the Mexico Declaration on SAI Independence, the INTOSAI Guidelines and Good Practices Related to SAI Independence, and case studies illustrating SAI independence. The reports were approved by the INTOSAI Congress and were issued as International Standards of Supreme Audit Institutions (ISSAI) 10 and 11.

I trust that these documents will assist SAIs in strengthening their independence and thereby, assist their legislatures in meeting the increasing public demand for oversight and accountability.

Sheila Fraser, FCA

Auditor General of Canada
and Chair of the INTOSAI Subcommittee on the Independence of SAIs

October 2009



**LIMA DECLARATION
OF GUIDELINES ON AUDITING PRECEPTS**



LIMA DECLARATION OF GUIDELINES ON AUDITING PRECEPTS

Preamble

The IX Congress of the International Organisation of Supreme Audit Institutions (INTOSAI), meeting in Lima:

- Whereas the orderly and efficient use of public funds constitutes one of the essential prerequisites for the proper handling of public finances and the effectiveness of the decisions of the responsible authorities;
- whereas, to achieve this objective, it is indispensable that each country have a Supreme Audit Institution whose independence is guaranteed by law;
- whereas such institutions become even more necessary because the state has expanded its activities into the social and economic sectors and thus operates beyond the limits of the traditional financial framework;
- whereas the specific objectives of auditing, namely, the proper and effective use of public funds; the development of sound financial management; the proper execution of administrative activities; and the communication of information to public authorities and the general public through the publication of objective reports, are necessary for the stability and the development of states in keeping with the goals of the United Nations;
- whereas at previous INTOSAI congresses, plenary assemblies adopted resolutions whose distribution was approved by all member countries;



RESOLVES:

- To publish and distribute the document entitled “The Lima Declaration of Guidelines on Auditing Precepts.”

I. General

Section 1. Purpose of audit

The concept and establishment of audit is inherent in public financial administration as the management of public funds represents a trust. Audit is not an end in itself but an indispensable part of a regulatory system whose aim is to reveal deviations from accepted standards and violations of the principles of legality, efficiency, effectiveness and economy of financial management early enough to make it possible to take corrective action in individual cases, to make those accountable accept responsibility, to obtain compensation, or to take steps to prevent – or at least render more difficult – such breaches.

Section 2. Pre-audit and post-audit

1. Pre-audit represents a before the fact type of review of administrative or financial activities; post-audit is audit after the fact.
2. Effective pre-audit is indispensable for the sound management of public funds entrusted to the state. It may be carried out by a Supreme Audit Institution or by other audit institutions.
3. Pre-audit by a Supreme Audit Institution has the advantage of being able to prevent damage before it occurs, but has the disadvantage of creating an excessive amount of work and of blurring responsibilities under public law. Post-audit by a Supreme Audit Institution highlights the responsibility of those accountable; it may lead to compensation for the damage caused and may prevent breaches from recurring.
4. The legal situation and the conditions and requirements of each country determine whether a Supreme Audit Institution carries out pre-audit. Post-audit is an indispensable task of every Supreme



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Audit Institution regardless of whether or not it also carries out pre-audits.

Section 3. Internal audit and external audit

1. Internal audit services are established within government departments and institutions, whereas external audit services are not part of the organisational structure of the institutions to be audited. Supreme Audit Institutions are external audit services.
2. Internal audit services necessarily are subordinate to the head of the department within which they have been established. Nevertheless, they shall be functionally and organisationally independent as far as possible within their respective constitutional framework.
3. As the external auditor, the Supreme Audit Institution has the task of examining the effectiveness of internal audit. If internal audit is judged to be effective, efforts shall be made, without prejudice to the right of the Supreme Audit Institution to carry out an overall audit, to achieve the most appropriate division or assignment of tasks and cooperation between the Supreme Audit Institution and internal audit.

Section 4. Legality audit, regularity audit and performance audit

1. The traditional task of Supreme Audit Institutions is to audit the legality and regularity of financial management and of accounting.
2. In addition to this type of audit, which retains its significance, there is another equally important type of audit – performance audit – which is oriented towards examining the performance, economy, efficiency and effectiveness of public administration. Performance audit covers not only specific financial operations, but the full range of government activity including both organisational and administrative systems.
3. The Supreme Audit Institution's audit objectives – legality, regularity, economy, efficiency and effectiveness of financial management – basically are of equal importance. However, it is for each Supreme Audit Institution to determine its priorities on a case-by-case basis.



II. Independence

Section 5. Independence of Supreme Audit Institutions

1. Supreme Audit Institutions can accomplish their tasks objectively and effectively only if they are independent of the audited entity and are protected against outside influence.
2. Although state institutions cannot be absolutely independent because they are part of the state as a whole, Supreme Audit Institutions shall have the functional and organisational independence required to accomplish their tasks.
3. The establishment of Supreme Audit Institutions and the necessary degree of their independence shall be laid down in the Constitution; details may be set out in legislation. In particular, adequate legal protection by a supreme court against any interference with a Supreme Audit Institution's independence and audit mandate shall be guaranteed.

Section 6. Independence of the members and officials of Supreme Audit Institutions

1. The independence of Supreme Audit Institutions is inseparably linked to the independence of its members. Members are defined as those persons who have to make the decisions for the Supreme Audit Institution and are answerable for these decisions to third parties, that is, the members of a decision-making collegiate body or the head of a monocratically organised Supreme Audit Institution.
2. The independence of the members, shall be guaranteed by the Constitution. In particular, the procedures for removal from office also shall be embodied in the Constitution and may not impair the independence of the members. The method of appointment and removal of members depends on the constitutional structure of each country.



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3. In their professional careers, audit staff of Supreme Audit Institutions must not be influenced by the audited organisations and must not be dependent on such organisations.

Section 7. Financial independence of Supreme Audit Institutions

1. Supreme Audit Institutions shall be provided with the financial means to enable them to accomplish their tasks.
2. If required, Supreme Audit Institutions shall be entitled to apply directly for the necessary financial means to the public body deciding on the national budget.
3. Supreme Audit Institutions shall be entitled to use the funds allotted to them under a separate budget heading as they see fit.

III. Relationship to Parliament, government and the administration

Section 8. Relationship to Parliament

The independence of Supreme Audit Institutions provided under the Constitution and law also guarantees a very high degree of initiative and autonomy, even when they act as an agent of Parliament and perform audits on its instructions. The relationship between the Supreme Audit Institution and Parliament shall be laid down in the Constitution according to the conditions and requirements of each country.

Section 9. Relationship to government and the administration

Supreme Audit Institutions audit the activities of the government, its administrative authorities and other subordinate institutions. This does not mean, however, that the government is subordinate to the Supreme Audit Institution. In particular, the government is fully and solely responsible for its acts and omissions and cannot absolve itself by referring to the audit findings – unless such findings were delivered as



legally valid and enforceable judgments – and on expert opinions of the Supreme Audit Institution.

IV. Powers of Supreme Audit Institutions

Section 10. Powers of Investigation

1. Supreme Audit Institutions shall have access to all records and documents relating to financial management and shall be empowered to request, orally or in writing, any information deemed necessary by the SAI.
2. For each audit, the Supreme Audit Institution shall decide whether it is more expedient to carry out the audit at the institution to be audited, or at the Supreme Audit Institution itself.
3. Either the law or the Supreme Audit Institution (for individual cases) shall set time limits for furnishing information or submitting documents and other records including the financial statements to the Supreme Audit Institution.

Section 11. Enforcement of Supreme Audit Institution findings

1. The audited organisations shall comment on the findings of the Supreme Audit Institution within a period of time established generally by law, or specifically by the Supreme Audit Institution, and shall indicate the measures taken as a result of the audit findings.
2. To the extent the findings of the Supreme Audit Institution's findings are not delivered as legally valid and enforceable judgments, the Supreme Audit Institution shall be empowered to approach the authority which is responsible for taking the necessary measures and require the accountable party to accept responsibility.



Section 12. Expert opinions and rights of consultation

1. When necessary, Supreme Audit Institutions may provide Parliament and the administration with their professional knowledge in the form of expert opinions, including comments on draft laws and other financial regulations. The administrative authorities shall bear the sole responsibility for accepting or rejecting such expert opinions; moreover, this additional task must not anticipate the future audit findings of the Supreme Audit Institution and must not interfere with the effectiveness of its audit.
2. Regulations for appropriate and as uniform as possible accounting procedures shall be adopted only after agreement with the Supreme Audit Institution.

V. Audit methods, audit staff, international exchange of experiences

Section 13. Audit methods and procedures

1. Supreme Audit Institutions shall audit in accordance with a self-determined programme. The rights of certain public bodies to request a specific audit shall remain unaffected.
2. Since an audit can rarely be all-inclusive, Supreme Audit Institutions as a rule will find it necessary to use a sampling approach. The samples, however, shall be selected on the basis of a given model and shall be sufficiently numerous to make it possible to judge the quality and regularity of financial management.
3. Audit methods shall always be adapted to the progress of the sciences and techniques relating to financial management.
4. It is appropriate for the Supreme Audit Institution to prepare audit manuals as an aid for its auditors.



Section 14. Audit staff

1. The members and the audit staff of Supreme Audit Institutions shall have the qualifications and moral integrity required to completely carry out their tasks.
2. In recruiting staff for Supreme Audit Institutions, appropriate recognition shall be given to above-average knowledge and skills and adequate professional experience.
3. Special attention shall be given to improving the theoretical and practical professional development of all members and audit staff of SAIs, through internal, university and international programmes. Such development shall be encouraged by all possible financial and organisational means. Professional development shall go beyond the traditional framework of legal, economic and accounting knowledge, and include other business management techniques, such as electronic data processing.
4. To ensure auditing staff of excellent quality, salaries shall be commensurate with the special requirements of such employment.
5. If special skills are not available among the audit staff, the Supreme Audit Institution may call on external experts as necessary.

Section 15. International exchange of experiences

1. The international exchange of ideas and experiences within the International Organisation of Supreme Audit Institutions is an effective means of helping Supreme Audit Institutions accomplish their tasks.
2. This purpose has so far been served by congresses, training seminars jointly organised with the United Nations and other institutions, by regional working groups and by the publication of a professional journal.



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3. It is desirable to expand and intensify these efforts and activities. The development of a uniform terminology of government audit based on comparative law is of prime importance.

VI. Reporting

Section 16. Reporting to Parliament and to the general public

1. The Supreme Audit Institution shall be empowered and required by the Constitution to report its findings annually and independently to Parliament or any other responsible public body; this report shall be published. This will ensure extensive distribution and discussion, and enhance opportunities for enforcing the findings of the Supreme Audit Institution.
2. The Supreme Audit Institution shall also be empowered to report on particularly important and significant findings during the year.
3. Generally, the annual report shall cover all activities of the Supreme Audit Institution; only when interests worthy of protection or protected by law are involved shall the Supreme Audit Institution carefully weigh such interests against the benefits of disclosure.

Section 17. Method of reporting

1. The reports shall present the facts and their assessment in an objective, clear manner and be limited to essentials. The wording of the reports shall be precise and easy to understand.
2. The Supreme Audit Institution shall give due consideration to the points of view of the audited organisations on its findings.



VII. Audit powers of Supreme Audit Institutions

Section 18. Constitutional basis of audit powers; audit of public financial management

1. The basic audit powers of Supreme Audit Institutions shall be embodied in the Constitution; details may be laid down in legislation.
2. The actual terms of the Supreme Audit Institution's audit powers will depend on the conditions and requirements of each country.
3. All public financial operations, regardless of whether and how they are reflected in the national budget, shall be subject to audit by Supreme Audit Institutions. Excluding parts of financial management from the national budget shall not result in these parts being exempted from audit by the Supreme Audit Institution.
4. Supreme Audit Institutions should promote through their audits a clearly defined budget classification and accounting systems which are as simple and clear as possible.

Section 19. Audit of public authorities and other institutions abroad

As a general principle, public authorities and other institutions established abroad shall also be audited by the Supreme Audit Institution. When auditing these institutions, due consideration shall be given to the constraints laid down by international law; where justified these limitations shall be overcome as international law develops.

Section 20. Tax audits

1. Supreme Audit Institutions shall be empowered to audit the collection of taxes as extensively as possible and, in doing so, to examine individual tax files.
2. Tax audits are primarily legality and regularity audits; however, when auditing the application of tax laws, Supreme Audit Institutions shall also examine the system and efficiency of tax collection, the achievement of



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revenue targets and, if appropriate, shall propose improvements to the legislative body.

Section 21. Public contracts and public works

1. The considerable funds expended by public authorities on contracts and public works justify a particularly exhaustive audit of the funds used.
2. Public tendering is the most suitable procedure for obtaining the most favourable offer in terms of price and quality. Whenever public tenders are not invited, the Supreme Audit Institution shall determine the reasons.
3. When auditing public works, the Supreme Audit Institution shall promote the development of suitable standards for regulating the administration of such works.
4. Audits of public works shall cover not only the regularity of payments, but also the efficiency of construction management and the quality of construction work.

Section 22. Audit of electronic data processing facilities

The considerable funds spent on electronic data processing facilities also calls for appropriate auditing. Such audits shall be systems-based and cover aspects such as planning for requirements; economical use of data processing equipment; use of staff with appropriate expertise, preferably from within the administration of the audited organisation; prevention of misuse; and the usefulness of the information produced.

Section 23. Commercial enterprises with public participation

1. The expansion of the economic activities of government frequently results in the establishment of enterprises under private law. These enterprises shall also be subject to audit by the Supreme Audit Institution if the government has a substantial participation in them – particularly where this is majority participation – or exercises a dominating influence.



2. It is appropriate for such audits to be carried out as post-audits; they shall address issues of economy, efficiency and effectiveness.
3. Reports to Parliament and the general public on such enterprises shall observe the restrictions required for the protection of industrial and trade secrets.

Section 24. Audit of subsidised institutions

1. Supreme Audit Institutions shall be empowered to audit the use of subsidies granted from public funds.
2. When the subsidy is particularly high, either by itself or in relation to the revenues and capital of the subsidised organisation, the audit can, if required, be extended to include the entire financial management of the subsidised institution.
3. Misuse of subsidies shall lead to a requirement for repayment.

Section 25. Audit of international and supranational organisations

1. International and supranational organisations whose expenditures are covered by contributions from member countries shall be subject to external, independent audit like individual countries.
2. Although such audits shall take account of the level of resources used and the tasks of these organisations, they shall follow principles similar to those governing the audits carried out by Supreme Audit Institutions in member countries.
3. To ensure the independence of such audits, the members of the external audit body shall be appointed mainly from Supreme Audit Institutions.



**MEXICO DECLARATION
ON SAI INDEPENDENCE**



MEXICO DECLARATION ON SAI INDEPENDENCE

Preamble

From the XIX Congress of the International Organization of Supreme Audit Institutions (INTOSAI) meeting in Mexico:

- Whereas the orderly and efficient use of public funds and resources constitutes one of the essential prerequisites for the proper handling of public finances and the effectiveness of the decisions of the responsible authorities.
- Whereas the Lima Declaration of Guidelines on Auditing Precepts (the Lima Declaration) states that Supreme Audit Institutions (SAIs) can accomplish their tasks only if they are independent of the audited entity and are protected against outside influence.
- Whereas, to achieve this objective, it is indispensable for a healthy democracy that each country have a SAI whose independence is guaranteed by law.
- Whereas the Lima Declaration recognizes that state institutions cannot be absolutely independent, it further recognizes that SAIs should have the functional and organizational independence required to carry out their mandate.
- Whereas through the application of principles of independence, SAIs can achieve independence through different means using different safeguards.
- Whereas application provisions included herein serve to illustrate the principles and are considered to be ideal for an independent SAI. It is recognized that no SAI currently meets all of these application provisions, and therefore, other good practices to achieve independence are presented in the accompanying guidelines.



RESOLVES:

- To adopt, publish, and distribute the document entitled “Mexico Declaration on Independence”

General

Supreme Audit Institutions generally recognize eight core principles, which flow from the Lima Declaration and decisions made at the XVIIth Congress of INTOSAI (in Seoul, Korea), as essential requirements of proper public sector auditing.

Principle 1 The existence of an appropriate and effective constitutional/statutory/legal framework and of de facto application provisions of this framework

Legislation that spells out, in detail, the extent of SAI independence is required.

Principle 2 The independence of SAI heads and members (of collegial institutions), including security of tenure and legal immunity in the normal discharge of their duties

The applicable legislation specifies the conditions for appointments, re-appointments, employment, removal and retirement of the head of SAI and members of collegial institutions, who are

- appointed, re-appointed, or removed by a process that ensures their independence from the Executive (see ISSAI-11 Guidelines and Good Practices Related to SAI Independence);
- given appointments with sufficiently long and fixed terms, to allow them to carry out their mandates without fear of retaliation; and
- immune to any prosecution for any act, past or present, that results from the normal discharge of their duties as the case may be.



Principle 3 A sufficiently broad mandate and full discretion, in the discharge of SAI functions

SAIs should be empowered to audit the

- use of public monies, resources, or assets, by a recipient or beneficiary regardless of its legal nature;
- collection of revenues owed to the government or public entities;
- legality and regularity of government or public entities accounts;
- quality of financial management and reporting; and
- economy, efficiency, and effectiveness of government or public entities operations.

Except when specifically required to do so by legislation, SAIs do not audit government or public entities policy but restrict themselves to the audit of policy implementation.

While respecting the laws enacted by the Legislature that apply to them, SAIs are free from direction or interference from the Legislature or the Executive in the

- selection of audit issues;
- planning, programming, conduct, reporting, and follow-up of their audits;
- organization and management of their office; and
- enforcement of their decisions where the application of sanctions is part of their mandate.

SAIs should not be involved or be seen to be involved, in any manner, whatsoever, in the management of the organizations that they audit.

SAIs should ensure that their personnel do not develop too close a relationship with the entities they audit, so they remain objective and appear objective.



SAI should have full discretion in the discharge of their responsibilities, they should cooperate with governments or public entities that strive to improve the use and management of public funds.

SAI should use appropriate work and audit standards, and a code of ethics, based on official documents of INTOSAI, International Federation of Accountants, or other recognized standard-setting bodies.

SAIs should submit an annual activity report to the Legislature and to other state bodies – as required by the constitution, statutes, or legislation – which they should make available to the public.

Principle 4 Unrestricted access to information

SAIs should have adequate powers to obtain timely, unfettered, direct, and free access to all the necessary documents and information, for the proper discharge of their statutory responsibilities.

Principle 5 The right and obligation to report on their work

SAIs should not be restricted from reporting the results of their audit work. They should be required by law to report at least once a year on the results of their audit work.

Principle 6 The freedom to decide the content and timing of audit reports and to publish and disseminate them

SAIs are free to decide the content of their audit reports.

SAIs are free to make observations and recommendations in their audit reports, taking into consideration, as appropriate, the views of the audited entity.

Legislation specifies minimum audit reporting requirements of SAIs and, where appropriate, specific matters that should be subject to a formal audit opinion or certificate.

SAIs are free to decide on the timing of their audit reports except where specific reporting requirements are prescribed by law.



SAIs may accommodate specific requests for investigations or audits by the Legislature, as a whole, or one of its commissions, or the government.

SAIs are free to publish and disseminate their reports, once they have been formally tabled or delivered to the appropriate authority – as required by law.

Principle 7 The existence of effective follow-up mechanisms on SAI recommendations

SAIs submit their reports to the Legislature, one of its commissions, or an auditee's governing board, as appropriate, for review and follow-up on specific recommendations for corrective action.

SAIs have their own internal follow-up system to ensure that the audited entities properly address their observations and recommendations as well as those made by the Legislature, one of its commissions, or the auditee's governing board, as appropriate.

SAIs submit their follow-up reports to the Legislature, one of its commissions, or the auditee's governing board, as appropriate, for consideration and action, even when SAIs have their own statutory power for follow-up and sanctions.

Principle 8 Financial and managerial/administrative autonomy and the availability of appropriate human, material, and monetary resources

SAIs should have available necessary and reasonable human, material, and monetary resources – the Executive should not control or direct the access to these resources. SAIs manage their own budget and allocate it appropriately.

The Legislature or one of its commissions is responsible for ensuring that SAIs have the proper resources to fulfill their mandate.

SAIs have the right of direct appeal to the Legislature if the resources provided are insufficient to allow them to fulfill their mandate.