



INTOSAI WG ON KEY NATIONAL INDICATORS

MINUTES OF THE 8th MEETING OF THE WORKING GROUP

March 25-26, 2015

Sofia, Bulgaria



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Chaired by

The Auditor of the Accounts Chamber of the Russian Federation

Tatiana N. Manuylova

Participants:

Members of the Working Group:

1	Austria	Mrs. Elisabeth	Dearing	Federal Court of Audit
2	Armenia	Mr . Khachik	Papazyan	Control Chamber of the Republic of Armenia
3		Mr . Seyran	Avagyan	Control Chamber of the Republic of Armenia
4	Bulgaria	Mrs. Vanya	Kesyakova	Bulgarian National Audit Office
5		Mrs. Velislava	Kuzmanova	Bulgarian National Audit Office
6		Mrs. Rossena	Gadjeva	Bulgarian National Audit Office
7		Mrs. Gergana	Stancheva	Bulgarian National Audit Office
8		Mrs. Detelina	Hadjieva	Bulgarian National Audit Office
9	China	Mr. Xiaozhong	Li	National Audit Office of China
10		Mr. Fangyin	Song	National Audit Office of China
11		Mrs. Xian	Zhang	National Audit Office of China

12	Mrs. Hongtao	Duan	National Audit Office of China	
13	Indonesia	Mr. Bahtiar	Arif	Audit Board of the Republic of Indonesia
14	Mrs. Dominika Dayvera	Rosana	Audit Board of the Republic of Indonesia	
15	Prof. Eddy Mulyadi Soepardi		Audit Board of the Republic of Indonesia	
16	Finland	Mr. Ville	Vehkasalo	National Audit Office of Finland
17	Mrs. Tanja	Kirjavainen	National Audit Office of Finland	
18	Hungary	Mr. Gyula Zoltan	Pulay	State Audit Office of Hungary
19	Lithuania	Mr. Mindaugas	Macijauskas	National Audit Office
20	Moldova	Mrs. Marianna	Spoialo	Court of Accounts of the Republic of Moldova
21	Mrs. Nina	Onofrei	Court of Accounts of the Republic of Moldova	
22	Pakistan	Mr. Muhammad Nasir	Ali	Office of the Auditor General of Pakistan
23	Poland	Mr. Wojciech	Misiąg	Supreme Audit office of Poland
24	Russia	Mrs. Tatiana	Manuylova	Accounts Chamber of the Russian Federation
25	Mr. Dmitry	Zaytsev	Accounts Chamber of the Russian Federation	
26	Mr. Vladimir	Kuleshov	Accounts Chamber of the Russian Federation	
27	Mr. Valery	Kryuchkov	Accounts Chamber of the Russian Federation	
28	Slovak Republic	Mr. Juraj	Kolarovič	The Supreme Audit Office of the Slovak Republic

29	Zambia	Mr. Louis	Mwansa	Office of Auditor-General
30		Mr. Smart	Nguni	Office of Auditor-General
Observer:				
31	Brazil	Mr. Luiz	Akutsu	Federal Court of Accounts

March 25, 2015

Welcome remarks

Mrs. Tatiana Manuylova, the Auditor of the Accounts Chamber of the Russian Federation, welcomed all participants in Sofia at the 8th meeting of the INTOSAI Working group (WG) on Key National Indicators (KNI). She extended her gratitude to the Bulgarian National Audit Office and all Bulgarian colleagues for the opportunity to hold the 8th meeting of the WG on KNI in Sofia and for the perfect organization of the meeting. In her speech Mrs. Manuylova emphasized that in today's environment KNI systems became more and more important. KNI are important tool to find out imbalances and structural disproportions of economic development as well as tool of assessment of high efficient events in order to improve lifestyle of the people. Basically key national indicators should be viewed as the base line for information and analytic elements ensuring the functioning of the mid and long-term government management systems of the states in terms of economical and social development. Mrs. Manuylova declared the meeting opened and gave a floor over to the Audit Board member of the Bulgarian National Audit Office Mr. Toma Dontchev.

Mr. Toma Dontchev, the member of the Audit Board of the Bulgarian National Audit Office greeted all the WG participants in Sofia. He emphasized that it was a real pleasure and honor to hold the meeting in Bulgaria. As a member of the INTOSAI WG since 2010 the Bulgarian National Audit Office understands and confirms the importance of KNI for the progress in the public area. Mr. Donchev outlined that today each SAI should use key national indicators in its activities as a major tool to assess the efficiency of the public spendings. In conclusion, Mr. Dontchev wished good luck to all participants.

Mrs. Tatiana Manuylova presented the agenda of the 8th meeting to the WG member-states for approval. The agenda was approved without any changes.

Presentations and reports

1. Mrs. Tatiana Manuylova, the Auditor of the Accounts Chamber of the Russian Federation reported on the WG activity for the period from February 2014 to March 2015.

She outlined that due to the initiative in Beijing in 2013 to develop the INTOSAI standard on the basis of the white paper on KNI, the Secretariat prepared the Initial assessment and the Project proposal of the Standard on the development and use of KNI in May 2014. During the discussion at the 6th INTOSAI KSC Steering Committee Meeting in Cairo, October 2014, it was decided to prepare a Guidance document prior to the Standard development.

In her speech Mrs. Manuylova mentioned the pilot audits carried out as a second phase of the subproject "Analysis of opportunities on the use of KNI for international comparisons in the context of sustainable development and recommendations". Detailed information was presented by Dr. Gyula Zoltan Pulay (SAI of Hungary).

Mrs. Manuylova highlighted the importance of developing the Knowledge Base on Key National Indicators (Knowledge Base, or KB). She reported that in 2014 the WG Secretariat has conducted a great deal of work to find out how to improve this electronic resource. More detailed information was presented by Mr. Dmytry Zaytsev (the SAI of Russia).

According to the Finnish colleagues proposal at the 7th WG meeting to assess the countries preparedness to use KNI system in SAI activities the Secretariat prepared and distributed a questionnaire in October 2014. The Secretariat shaped out a complete table based on the information from the WG members-states in March 2015.

Mrs. Manuylova mentioned that the WG member-states are working to incorporate KNIs into the legislation in their countries. For example, in summer 2014 the federal law on strategic planning within the Russian Federation was adopted. In compliance with this law, the Accounts Chamber of the Russian Federation is one of the main stakeholders of strategic planning and it is in charge of monitoring and analyzing development and use of the performance targets' system.

Mrs. Tatiana Manuylova paid attention to the activities of the Expert Group on KNI of the Council of the Heads of SAIs of the Commonwealth of Independent States. The 7th meeting of the Expert Group was held in May, 2014 in Yerevan, Armenia. The Expert group member-states joined the initiative to research countries preparedness to use the KNI systems in SAI activities and provided the Secretariat with the information related to the questionnaire.

Mrs. Manuylova reported on cooperation with INTOSAI Working Groups and regional economic organizations. The 2nd EUROSAI-ASOSAI joined conference and the 47th ASOSAI Governing Board meeting took place in Moscow in

September 2014. Mrs. Golikova, the Chairperson of the Accounts Chamber of the Russian Federation drew the attention of the conference participants to the activities of the INTOSAI WG on KNI.

In the end of her speech Mrs. Tatiana Manuylova informed the WG member-states about the initiative of a new framework agreement between INTOSAI and OECD.

Mrs. Manuylova outlined three main topics of the WG activities in 2015:

1. Elaborating a draft Guidance document on the development and use of KNI's in SAI's activities;
2. Overhauling the Knowledge base on KNI;
3. Preparing a draft framework agreement between INTOSAI and OECD and agreeing it with the WG member-states and the INTOSAI Secretariat.

2. Dr. Gyula Zoltan Pulay, the representative of the **State Audit Office of Hungary** reported on **the results of the pilot audits** in the frames of the second phase of the subproject "**Analysis of opportunities on the use of KNI for international comparisons in the context of sustainable development and recommendations**".

The pilot audits were conducted in Austria, Bulgaria, Kazakhstan and Russia.

Dr. Pulay outlined that each member of the subgroup selected his own topic in which the SAI intended to test the application of sustainable development indicators. Also he presented the short descriptions of audit activities.

In his presentation Dr. Pulay highlighted the list of complex questions to be answered after the subproject:

1. Whether the applied indicators are specific enough to create a direct link between the indicator and the audited theme?
2. How could the different scales – on the one hand macro indicators, on the other the audits carried out at the level of sectors or institutions, be reconciled.
3. Are the applied indicators supported by the country's national statistics?
4. Whether the methodology selection of the indicators is correct?

3. Mrs. Vanya Kesyakova, the representative of the **Bulgarian National Audit Office**, presented the results of the **performance audit on social protection of vulnerable groups**. She named the strategic objectives of the activity:

- to reduce the number of people living in poverty by 260 000 by 2020 (it is defined by the National Reform Programme "Bulgaria 2020");

- to guarantee social protection of vulnerable groups under social assistance policy.

The basic indicators used to measure and evaluate the results achieved were: poverty line, percentage of the population living below the poverty line before and after the social transfers and percentage of the population living at risk of poverty rate and social exclusion.

She pointed out also the results of the performance audit on social protection of vulnerable groups and named a list of difficulties. In conclusion Mrs. Vanya Kesakova outlined that after the audit activity it was recommended to develop and publish a methodology defining and assessing the studied indicators in order to measure and evaluate the extent of implementation of the planned objectives in the field of social policy.

4. Mr. Dmitry Zaytsev, the Executive Secretary of the WG on KNI (SAI of Russia), presented the results of the survey on the preparedness of the member states for the KNI use.

The initiative to research the countries preparedness to use key national indications was supported by the WG member-states and included into the WG plan for 2014. In September 2014 the agreed list of questions was distributed among the WG member-states.

As it was proposed by the Austrian colleagues the questions were divided into two parts: the KNI system in general and the SAI's role in using KNI.

The questionnaire will help in preparing the Guidance document on using the KNI in the SAI's activity and the future standard.

15 of 23 the WG member-states have participated in the questionnaire.

Mr. Zaytsev urged the members of the WG who had not submitted information yet to provide the information for the Questionnaire concerning the countries preparedness to use the KNI systems in SAI activities.

Mr. Zaytsev mentioned that the Secretariat is planning to finalize the work on the Questionnaire by June 2015.

The report and the presentation concerning the countries preparedness to use the KNI systems in SAI activities will be available on the WG on KNI web-site.

5. Mr. Dmitry Zaytsev, SAI of Russia, delivered a report on the preparation of the Guidance on the development and use of Key National Indicators on the basis of the White paper.

The Secretariat prepared an Initial assessment in April 2014 which was approved by the WG members. A Draft of the Project proposal which substantiates the relevance of the future standard and describes its objectives, structure, scope and

target audience, was prepared in May 2014 and approved by the WG member-states.

In the October 2014 the representatives of the WG took part in the 6th meeting of INTOSAI KSC Steering Committee in Cairo, where the report on the WG on KNI activities and on the Project Proposal were presented. The category of the future standard was suggested to be INTOSAI Gov in the Project proposal. During the meeting the Secretary representatives had several consultations with the members of the KSC. Due to the fact that the future standard is preparing for the SAIs and auditors the category of the future document should be “the International Standards of Supreme Audit Institutions” (ISSAI). During the discussion at the 6th INTOSAI KSC Steering Committee meeting it was decided to prepare a Guidance document prior to the Standard development. As a result of this meeting the Project Proposal was approved and the activities of the WG on KNI was endorsed.

Mr. Zaytsev announced that the draft of the Guidance Document for the KNI use in SAIs activities is going to be presented at the 7th INTOSAI KSC meeting in October 15-16, 2015 in Washington D.C., USA. In this view the following steps should be taken:

- The Secretariat is planning to prepare the draft of the Guidance Document for the KNI use in SAIs activities in June 2015 and send it to the WG member-states to get their feedback in July-August 2015.
- The Secretariat will prepare the final version of the Guidance Document in September which will be presented at the 7th meeting of INTOSAI KSC Steering Committee for its approval.
- Before presenting the Guidance document at the INTOSAI Congress (INCOSAI) in 2016 the draft of the Guidance Document is going to be placed at the INTOSAI web-site for public discussion.
- Then the Guidance document will be transformed into the Standard and prepared for the approval at the INCOSAI in 2019.

6. Mrs. Marianna Spoialo, the representative of the **Court of Accounts of the Republic of Moldova**, talked about the **strengthening institutional capacities of the Court of Accounts of the Republic of Moldova in achieving performance audits, applying the key national indicators**. Mrs. Spoialo mentioned that a new Law on the Court of Accounts of the Republic of Moldova was adopted in 2008. The functions of the SAI of Moldova were enlarged within a new model of governance. The SAI of Moldova got the function to carry out external audit of the budget, performance, effectiveness and economic efficiency audit. A new structure of the SAI of Moldova was developed.

Marianna Spoialo outlines that the SAI of Moldova uses the international standards of audit such as ISSAI 300 Fundamental Principles of Performance Auditing.

In the second part of her presentation she gave the information about the results of one of the Moldavian performance audits in the field of the social support. The reporter told that in 2008 the Government of the Republic of Moldova began to carry out the reform of social system. The International Association for Development provided the Government of the Republic of Moldova with financial support of 37 millions US dollars within the project “Increasing of efficiency of social support”.

The SAI of Moldova conducted the performance audit of this Project. The audit showed the progress in the sphere of development and use of the new mechanism for social payments’ contribution. Mrs. Spoialo mentioned that a progress was made in a field of implementation of Programmes for a social benefit during the cold period of the year. In 2013 the key national indicator for the level of total poverty was 12,7%, having decreased in comparison with 2012 by 3,9%.

Marianna Spoialo declared that it was possible to draw a conclusion that the Programme of a social benefit continues to be the most effective social payment tool for fighting against poverty.

7. Mr. Xiaozhong Li the representative of the **National Audit Office of China** reported on the issue of **establishing an evaluation framework in natural resources performance audit (NPRa) by using KNI**.

Mr. Xiaozhong Li explained that fieldwork on NPRa includes the audit investigation of water pollution prevention and sewage treatment on three rivers and three lakes, the audit on mineral resources of 6 provinces, audit on the Yellow River water resources protection and the audit on the Yellow River water resources protection. The objectives of the NPRa are on the macro (General Problems) and micro (detailed and measurable) levels. In the presentation Mr. Xiaozhong Li gave detailed information on the issues concerning the audit realization, methods of the conducting and other audit aspects. As a conclusion Mr. Xiaozhong Li listed key aspects in future audit work:

- Allocation audit resources by a unified manner to enlarge the coverage in natural resources audit.
- Encouraging the use of NRPA indicator in specific projects.
- Analysis of the former NRPA experience and cases to improve evaluation system.

8. Mr. Dmitry Zaytsev (SAI of Russia) presented to the WG member-states a draft of a **new version of the Knowledge Base (KB) on Key National Indicators**.

At first a new version of the KB will consist of 3 main blocks:

- Glossary

- Countries
- Analytical materials and other sources

In the future the WG Secretariat is planning to extend the KB by new blocks:

- Videoconferences
- Discussions
- Surveys

In addition, Mr. Zaytsev drew attention of the members of the WG to the following plan of the new KB development:

- Providing the Secretariat with the information about the WG member-states contact persons to communicate on the KB issues (beginning of April, 2015);
- Providing suggestions on the new version of the Knowledge Base (April 2015);
- Providing the Secretariat with the initial information (files, links, documents) to be included in the new version of the Knowledge Base (May - June, 2015);
- Placing the initial information in the new version of the Knowledge Base and verifying it (July-August 2015).

9. Prof. Eddy Mulyadi Soepardi and Mr. Bahtiar Arif the representatives of **the Audit Board of the Republic of Indonesia** gave the information about **current development of KNI in Indonesia and the roles of the Audit Board**.

Mr. Arif presented the Indonesian Development Plans and KNIs for 2005 – 2025 years period which included national long term development plan (2005 - 2025), national medium term development plan (2015-2019) and the central and local annual budgets.

Also Mr. Bahtiar Arif focused on the National Development Strategy of Indonesia and emphasized the necessary conditions for its realization. The strategy contains 6 development goals, 11 Macro Goals and 172 national indicators. There could be following conclusion of implementing the development plan:

- Limited roles of SAI in developing KNI
- Lack of alignment between SAI audit plans and Government Development Plans (including KNI)
- Sustainability of Development Programmes

10. Mrs. Tanja Kirjavainen, the representative of the National Audit Office of Finland delivered a report on **using PISA (Programme for International Student**

Assessment) data in performance audit: Schooling of immigrant students in Finland.

Mrs. Tanja Kirjavainen in her presentation highlighted the purpose of the performance audit:

- to find out if compulsory schooling (1-9 grades) provides equal opportunities for immigrant students compared to native students in terms of student achievement, preparedness in further studies and development;
- to learn the differences in school achievement between native and immigrant students after controlling for the background of students.

Tanja Kirjavainen made a point that PISA 2012 is standardized achievement assessment which could be implemented to 15-years old students in schools in all OECD countries. PISA allows to assess students' mathematics, reading and scientific skills and to get comprehensive information on students and schools.

In the end of the presentation Mrs. Tanja Kirjavainen informed that PISA data provided a good basis for auditing the schooling performance of immigrant students in Finland.

11. Mrs. Elisabeth Dearing the representative of **the Federal Court of Audit of Austria** reported on **the experiences of Austrian SAI of in the use of a KNI (retirement age) in a performance audit.**

In the presentation Mrs. Elisabeth Dearing emphasized the impact of pensions expenditures for public servants on fiscal sustainability and the scope of the pilot audit. The performance audit on the impact of legal and HRM measures on the retirement age of public servants covered 3 ministries (interior, justice, labour and social affairs) and approximately 45.000 public servants and focused on incentives for the organisations and the individual public servant. The audit procedure included collection of data on all public servants from 2008 until 2012, analysis of the data and sharing of different forms of retirement (e.g. inability to work, at legal retirement age). Finally Mrs. Elisabeth Dearing outlined that there were distinctions between legal and effective retirement age. Effective retirement age was a useful indicator for target-setting, evaluation and comparison.

12. Mr. Juraj Kolarovič the representative of the **Supreme Audit Office of the Slovak Republic** focused on **national experience in the field of development and use of KNIs in SAI of Slovakia.**

In his presentation Juraj Kolarovič paid attention to the factors influencing the development and use of KNI in SAO of Slovakia and gave practical examples of selected areas for the KNI application. In conclusion Mr. Juraj Kolarovič stated

that poorly focused and defined budget programme objectives are inconsistent with the measurable indicators used.

His final recommendation was to exploit ex-post audit standards and experiences to improve the ex-ante audit as an early fiscal risks detection tool.

13. Mr Seyran Avagyan, member of the Audit Board of the Control Chamber of the Republic of Armenia, made a presentation about Yerevan, the capital of Armenia, as the venue for the next Meeting of the WG. It was agreed by the WG member-states to held the next meeting of the INTOSAI WG on KNI in 2016 in Yerevan, Armenia.

14. Mr. Dmitry Zaytsev (SAI of Russia) presented **the Working Plan for 2015**. The document was discussed and approved by all the participants. Mr. Zaytsev stressed the importance of adhering to the agreed timeline and to the procedure presented at the meeting.

The working plan of the WG in KNI for 2015 was approved;

During the discussion of the plan for 2015 the following issues were proposed:

- to place a Draft of the Guidance document on the WG web-site and in the block of a new version of the KB (analytical materials and other sources) for the WG member-states feedback;
- to work out the question of a possible cooperation with the UN in the context of sustainable development and developing the KNI;

to include the final report on the subproject "Analysis of opportunities on the use of KNI for international comparisons in the context of sustainable development and recommendations" into the working plan for 2015 of the WG and to present it at the 9th WG meeting in Yerevan.

The working plan for 2015 is available on the WG on KNI web-site.

Summing up the results of the 8th meeting of the WG.

Mrs. Tatiana Manuylova expressed her gratitude to the Bulgarian National Audit Office for excellent organization of the meeting and thanked the WG members for active participation and contribution in the WG activities.