

**IMF: Consultation on Revisions to the Code of Good Practices on Fiscal Transparency (Feb.2013)**

## Questions and Comments:

1. *Does the structure and format of the existing Code provide an intuitive and accessible description of good fiscal transparency practice? If not, how should the structure and format of the Code be improved?*

**Comment 1:**

No objections.

2. *Does the Code adequately address all of the most important aspects of fiscal transparency? What practices should be dropped? What practices should be added? Which practices should be updated to reflect recent developments in fiscal reporting standards and practices or the lessons learned from the crisis?*

**Comment 2:**

Ad 4.3. Instead of using the term “national audit body or an equivalent organization”, I recommend using the term “Supreme Audit Institution”, as they like to call themselves.

**Comment 3:**

Ad 4.3. I further recommend making a reference to the *International Standards of Supreme Audit Institutions*<sup>1</sup> and the United Nations General Assembly Resolution A/RES/66/209<sup>2</sup> on “Promoting the efficiency, accountability, effectiveness and transparency of public administration by strengthening Supreme Audit Institutions”, adopted in December 2011. I would further like to point out that INTOSAI is currently developing a SAI Performance Measurement Framework (SAI PMF) similar to the PEFA Assessment Framework.<sup>3</sup>

**Comment 4:**

Ad 4.3.2.; ad 2.2.4.: I would like to draw your attention to the fact that the ISSAIs do not say that reports should be presented to the legislature but instead that “*The SAI 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...*”(ISSAI 1, Section 16.1.)

The INTOSAI Development Initiative’s Stocktaking Report (IDI, 2010) uses the following term to take account of various legal settings of SAIs, „When was the latest consolidated annual audit report from your SAI issued to Parliament (or other recipients of the audit report as determined by law?)“ (Q.1.8.)

**Comment 5:**

Ad 4.3.1. Instead of „independent of the executive“ the ISSAIs and the UN Resolution use the term „independent of the audited entity and protected against outside influence“. This is important as SAIs also audit privat sector companies, which are partly held by the public or of strategic importance to the public sector.

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<sup>1</sup> [www.issai.org](http://www.issai.org) (Last Accessed February 05, 2013)

<sup>2</sup> [http://www.intosai.org/fileadmin/downloads/downloads/0\\_news/2012/UN\\_Resolution\\_A\\_66\\_209\\_E.pdf](http://www.intosai.org/fileadmin/downloads/downloads/0_news/2012/UN_Resolution_A_66_209_E.pdf) (Last Accessed February 05, 2013)

<sup>3</sup> <http://www.idi.no/artikkel.aspx?MIId=102&AIId=704> (Last Accessed February 05, 2013)

**Comment 6:**

Ad 2.2.4.:

Where does the standard of 1 year originate from? You should further differentiate between the time frame for presenting the audited final accounts to the legislature and a time frame for publishing the same. Should they be published before presentation to parliament? At the same time? Or latest 1 year after having been presented to parliament?

3. *Should the Code continue to set a single good practice standard in each area or should it distinguish between basic, good, and best practices in each area to provide all countries with a set of milestones towards full compliance with international standards?*

**Comment 7:**

I would prefer differentiation between basic, good, and best practices, similar to the PEFA assessment framework and the SAI PMF (see also comment 3).

4. *Does the Manual provide sufficiently clear and comprehensive guidance to all countries on how to implement the practices in the Code? If not, how could it be improved?*

**Comment 8:**

Manual paragraph 294: The three main SAI organizational models (Monocratic, Board and Court model) cannot be as easily classified according to regional affiliations.<sup>4</sup> Furthermore, as Wynne (2011) pointed out, in some francophone African countries there are now several institutions simultaneously in place which could all qualify as SAIs: General State Inspectorates, Court of Accounts and in some cases (f.i. Mali) donors also created an Office of the Auditor General. So there is a question now which institution is best suited to audit government accounts.

Some scholars see the General State Inspectorate as an internal audit institution and should be strengthened as such, maybe developing into a strong counterpart to the Court of Accounts, which should be strengthened as an external audit body (similar to the case of Brazil where the internal and external audit bodies competed with each other, which then supported their organizational development).

Other scholars argue that the General State Inspectorates are in some instances stronger accountability institutions than the Court of Accounts, furthermore in some countries they consider themselves to be the SAI of the country and are members of INTOSAI, which should be respected. Thus, they should be strengthened. These scholars point out that in some countries of the former Soviet Union and in Indonesia; it was also the General State Inspectorates, which developed into independent audit bodies now reporting to Parliament.

**Comment 9:**

Manual Para 294: I recommend making a reference to the *International Standards of Supreme Audit Institutions*<sup>5</sup> and the United Nations General Assembly Resolution

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<sup>4</sup> see World Bank, 2001; DFID, 2005; EUROSAI, 2004; Stapenhurst and Titsworth, 2006; NAO, 2005.

<sup>5</sup> [www.issai.org](http://www.issai.org) (Last Accessed February 05, 2013)

A/RES/66/209<sup>6</sup> on “Promoting the efficiency, accountability, effectiveness and transparency of public administration by strengthening Supreme Audit Institutions”, adopted in December 2011. I would further like to point out that INTOSAI is currently developing a SAI Performance Measurement Framework (SAI PMF) similar to the PEFA Assessment Framework.<sup>7</sup>

**Comment 10:**

Manual para.296: There are three main types of government audit methodologies, namely (1) legality/compliance auditing, (2) regularity/financial auditing and (3) performance auditing.<sup>8</sup>

**Comment 11:**

While it is best practice that SAIs present their findings directly to the legislature, there are instances where other forms of SAI reporting can also be worth appreciating. For instance, in Cameroon the General State Inspectorate (the official SAI according to INTOSAI membership) presents its findings directly to the President of the Republic instead of presenting the findings to parliament. It also does not yet regularly publish its reports. Despite these shortcomings, it has a large number of professional staff, a specialized training institute and its reports have helped to curb mismanagement and corruption in the country (see also comment 8).

5. *Should the Guide on Natural Resource Revenue Transparency be revised as part of this exercise? If so, what revisions should be made to the structure, format, and content of the Guide?*

**No Comment**

6. *How can the structure and format of the IMF's evaluation of countries fiscal transparency practices (the fiscal ROSC) be improved to make these evaluations more analytical, accessible, and actionable?*

**Comment 12:**

I agree with your recommendations in the Policy Paper „Fiscal Transparency, Accountability, and Risk“, Chapter E. that the ROSC should be improved and all the ideas stated there (p.39-41).

I further recommend adding a section on how to apply a political economy and problem-driven approach to reform. (For sure you are aware of Bunse and Fritz, 2012; the World Bank Group, 2012; Andrews, Pritchett, and Woolcock, 2012 and similar literature.)

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<sup>6</sup> [http://www.intosai.org/fileadmin/downloads/downloads/0\\_news/2012/UN\\_Resolution\\_A\\_66\\_209\\_E.pdf](http://www.intosai.org/fileadmin/downloads/downloads/0_news/2012/UN_Resolution_A_66_209_E.pdf) (Last Accessed February 05, 2013)

<sup>7</sup> <http://www.idi.no/artikkel.aspx?MIId=102&AIId=704> (Last Accessed February 05, 2013)

<sup>8</sup> see Lima Declaration, Section 4; also World Bank, 2001; EUROSAI, 2004; Wang and Rakner, 2005. Staphenhurst and Titsworth, 2006.

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