



Improving Public Communication of the State Audit Office: Problems and Recommendations

General Context

The State Audit Office of Georgia (SAO) has gone through significant stages of reform. Since 2007, the service has been transforming from an instrument of inspection and punishment (as it was operating under the Soviet system) to a national audit service operating in accordance with modern standards. According to the 2008 Law on the State Audit Office (Article 5: Legal Basis and Principles of Operation), SAO operates in accordance with the main principles of the International Organisation of Supreme Audit Institutions (INTOSAI).

The following years saw the development and implementation of international-standard audit methodologies in cooperation with international donor organisations and supreme audit services from EU member countries (Sweden, Germany, Poland).

Since 2010, the State Audit Office has been publishing audit reports on its own website, www.sao.ge. Together with these audits, SAO also publishes reports on the executive budget proposal and budget execution.

Thus the State Audit Office provides the public with full information about its activities.

1. Problems

1.1. Together with transparency, it is also vital for members of parliament, the media, expert groups and the wider public to understand SAO's findings and recommendations. The public's overall perception of the SAO reports is not stellar, mainly due to the technical language (particularly in case of financial and compliance reports, which normally constitute 2/3 of all audits).

Therefore, it is clear that the State Audit's first step with regards to public involvement and communications must be to make SAO reports more easily understandable to the general public.

1.2. To increase public involvement, the State Audit has begun to establish a mechanism for public participation in the planning of an audit. However, taking public recommendations into consideration is a sensitive issue due to existing international standards,¹ as well as the Law on the State Audit Office, which states that the SAO is functionally independent and is governed only by the law (Article 3).

¹ INTOSAI (International Organisation of Supreme Audit Institution) – Mexico and Lima Declarations.

The State Audit Office has already taken certain steps with regards to enabling public participation in audit planning. It has created an interactive website called 'Plan with Us' (<http://www.sao.ge/citizen>), where visitors can choose which budgetary organisations and areas of activity they believe should be inspected by SAO. There is also a comments section, which does not specify the type of comments that ought to be submitted. Notably, the State Audit's annual report does not state to what extent the website visitor's preferences have been taken into consideration.

The State Audit Office employs a methodology based on planning risks, allowing it to develop an audit plan by taking into account the risks and its own limited resources (clearly, no supreme audit has the resources to audit each public spender).

In this case, the following should be taken into consideration:

- ✓ It is impossible to give proper consideration to the vast majority of public comments, due to the fact that the public cannot account for the two aforementioned factors (weighted risks and SAO's limited resources) when submitting proposals for carrying out an audit. It is therefore important to conduct the process in a manner that will mitigate this limitation.
- ✓ Under circumstances which do not allow for the vast majority of public proposals to be considered, it is important for the State Audit Office be able to explain its reasons for being unable/unwilling to consider the proposals in question. Communication with members of the public who are willing to participate in audit planning is important in order to maintain public motivation for participating in the process.
- ✓ Public involvement in audit planning will have no value, and will take up time and resources that could be used in much more significant areas of public involvement in SAO activities, which will be touched upon below.

1.3. Together with making wide use of electronic services and improving communication, the State Audit Office must take further steps towards involving stakeholders in the audit process. This includes inviting stakeholders to attend meetings of the SAO's advisory bodies as observers, as well as ensuring the publicity of audit reviews for those wishing to attend them.

1.4. An important element in improving public communication is to improve the system which monitors SAO recommendations and to ensure publicity.

In March 2015, the government took its first major step towards implementing SAO recommendations by establishing a mechanism for taking these recommendations into account. Based on this mechanism, the government must produce an annual action plan for implementing SAO recommendations. On December 30, 2015, the government decreed for the first time that the implementation of recommendations provided within the 2014 State Audit Office report on budget execution must be carried out by the agencies mentioned in the report, namely: the Ministries of Finance, Justice, Economy and Sustainable Development, as well as the State Administration, the Public Service

Bureau, the National Agency for State Property Management and other budgetary organisations.

The following problems have arisen in this case:

- ✓ The plan was developed on December 30, 2015, almost eight months later than planned.
- ✓ The plan did not take into account numerous recommendations by the supreme audit's various spending institutions.
- ✓ We do not know what was done by the auditees to implement the supreme audit's recommendations. Therefore, publicising the process will significantly enhance the effectiveness of budget spending and public awareness of this effectiveness.

2. Recommendations:

2.1. Simplified versions of audit reports. A popular version of the reports – 1 to 3 pages in length and similar to a press-release – ought to be developed based on the following principles:

- ✓ **Simple and easily understandable language.** Technical jargon and insignificant details ought to be omitted. The public tends to have a very general understanding of an audit. Therefore, complex language can lead to confusion, as well as to focusing on issues of lesser significance. Short sentences should be used. Complex interrelated ideas should be presented as separate points.
- ✓ **The format of the 'popular' version of the report.** A logical structure which includes the following: a) preliminary information; b) the aims of the audit; c) focus and methodology; d) major findings, and; e) recommendations.
- ✓ Together with the text, the popular version should contain graphics and diagrams. Visual materials attract the reader's attention and enables better understanding of the issue.

The attached file includes the popular version of a report produced by the Dutch National Audit Office, which provides a good example of a Public Private Partnership audit and recommendations for its improvement. The popular version of the audit report should be placed together with the main report on the SAO website and Facebook page.

2.2. Public interaction following the publication of audit reports. The stakeholders and the wider public may be given the opportunity to submit online questions and receive answers regarding specific audits for a certain period of time (2 weeks to 1 month). Questions and answers should be uploaded once they have been properly filtered (for text font, grammar mistakes, question relevance, etc.), together with the auditees' action plans for eliminating faults and implementing the audit's recommendations. The aforementioned practice is used in countries such as Malta and Colombia.

2.3. Updating the State Audit Office's Facebook page. Links to the technical audit reports can be found mainly on the Facebook page, which is less informative and non-interactive. To increase public awareness, it is important to:

2.3.1. Conduct placement of video clips and short informative clips² which may contain information about the history of the audit office, descriptions in common vernacular of the different auditing types (financial, efficiency, compatibility), the average length of an audit of a specific type, the associated costs (labour, amount of research material, number of interviews), the stages involved in compiling an audit report, etc.

2.3.2. Translate the main international principles/standards on auditing and presenting them in a language that is understandable for the public.

2.3.3. To increase public awareness, one can also compile quizzes designed to reveal the existing faults within an audit's practice. Site users will be asked about the nature of the faults and the steps needed to rectify them.

2.4. Increase on-location public involvement in the process. Organise public meetings and reviews with stakeholders. Such meetings may be held regionally between the State Audit Office, local self-governments and stakeholders for the purpose of discussing existing deficiencies in the budgeting process of local self-government units.

2.5. The interactive website 'Plan with Us' (<http://www.sao.ge/citizen>). This website needs to be modified. Since the annual audit plan is based on identifying risks,³ it would be preferable to replace budgetary organisations with a list of risks (together with appropriate definitions) for the upcoming year that are considered particularly acute by SAO. Members of the public may be asked to fill out a questionnaire that will assess the risks associated with the spending of budget funds by various agencies. The questionnaire must allow respondents to justify their decisions through closed, multiple-choice questions. Afterwards, the Audit Office must prepare analytical information about the number of respondents, the spread of risks over the various organisations, and the extent to which public feedback was considered in the annual audit plan.

2.6. Involvement of public organisations. It is important to invite representatives from non-governmental organisations to attend the meetings of the Presidium (the SAO's advisory body) as observers. The Presidium has the important roles of discussing auditees' appeals, as well as reviewing and approving the annual audit plan. The involvement of NGO representatives (who will be chosen from a competition based on their applications) in the Presidium's activities will ensure greater transparency of the decision-making process and the SAO's freedom from political pressure. It would also be

² The informative clip 'About Us' is in Georgian, with English subtitles. It involves the Auditor General and agency/department employees. However, it must be said that the clip is quite long and describes the functions of SAO in too much detail.

³ Methodology of Designing the Annual Audit Plan of Auditing Activities

advisable to make the Presidium's sessions public and allow interested parties to attend these sessions.

2.7 Publicity of reviewing SAO's recommendations with the auditees. Regular reviews of audit reports, conducted together with the Georgian Parliament's industrial committees, in the presence of the auditees and the stakeholders. Such reviews are particularly topical against the background of public institutions having not only ignored SAO's recommendations since 2013, but also having withheld information from the supreme audit.

The regular review of audit reports is a widespread practice in developed countries with high standards of accountability, such as the United Kingdom, Germany and South Africa. The accountability of the ministries/agencies with regards to rectifying the faults identified within the audit reports enhances the effectiveness of public services, as well as increasing awareness among members of parliament and the public.

2.7.1. Improve the system of monitoring SAO's recommendations, namely:

2.7.1.1. Ensure that the plan is developed promptly.

2.7.1.2. Ensure that the plan contains all recommendations with regards to improving the activities of auditees.

2.7.1.3. Add the recommendation implementation status to the format of the plan:

- ✓ The steps taken by the auditees to implement the supreme audit's recommendations, including (where possible) the appropriate documents.
- ✓ Placing a status column on the SAO website, which will allow visitors to identify the agencies that have been successful, less successful and unsuccessful in implementing the provided recommendations. This will allow both stakeholders and the wider public to observe the effectiveness and efficiency with which taxpayer money is spent by budgetary organisations.
- ✓ It is important that additional annual information regarding the implementation of recommendations (which forms a part of the General Auditor's annual report) is presented conspicuously on the website.

2.7.2. Publicise the process of implementing SAO recommendations, which will significantly enhance public awareness about the efficiency and effectiveness of budget spending, namely:

2.7.2.1. Establish an electronic platform on the SAO or the State Administration website to help implement the recommendations in the SAO annual government report on budget execution. Make this platform accessible to the public.

Sources:

1. Law on the State Audit Office
2. State Audit Office - Methodology of Designing the Annual Audit Plan of Auditing Activities
3. Decree N122/37 by the General Auditor of the State Audit Office Regarding the Approval of the State Audit Office's Internal Regulations (18/06/2013).
4. State Audit Office website www.sao.ge
5. 'Plan with Us' website www.sao.ge/citizen
6. World Bank Group website <http://www.e-participatoryaudit.org/>