

Performance-related budgeting and supreme audit institutions

Against the background of an increasingly complex governance environment, limited fiscal space, and growing demands for transparency and accountability, governments are continually challenged to demonstrate better performance and management of available resources. Supreme audit institutions (SAIs) have also moved from a more traditional focus on financial audits to looking at aspects of performance or value for money. Indeed the International Organization of Supreme Audit Institutions (INTOSAI) posits that “performance auditing greatly enriches public accountability and enables the SAI to make practical contributions to improving the efficiency and effectiveness of the public administration” (INTOSAI, 2010). As such, SAIs have the potential to contribute to better design and use of performance-related budgeting and management systems and to enhance public accountability in OECD countries.

Strengthening links between performance-related budgeting and performance audit, and the shift towards more performance auditing also implies, in most cases, a need for SAIs to move away from their traditional focus on compliance and to develop new skill sets and capacities, as well as strategies to communicate their work in this area to the legislature and wider public.

Along the continuum of practices currently in place, the most common is for SAIs to conduct performance or value-for-money audits of their own design. But there is wide variation among countries in terms of the frequency of performance or value-for-money audits undertaken and published annually. Among the 26 OECD countries that responded to the OECD survey on SAIs and performance-related budgeting, slightly more than half replied that they undertake performance or value-for-money audits “always” (Australia, Austria, Japan, Mexico, Norway and the United Kingdom) or “often” (Estonia, Finland, France, Hungary, Korea, New Zealand, Slovenia, Sweden and the Netherlands). Three countries (Chile, Czech Republic and Spain) reported that they “never” carry out performance audits.

In those countries where the budget-related documentation includes specific, clear and measurable performance objectives and targets, SAIs might be expected to use these objectives and targets in their performance audit exercises but of the 26 respondents, only five (Finland, Korea, Mexico, Norway and the United Kingdom) reported that this happens as a matter of course (“always”) and similarly five (Austria, Estonia, Japan New Zealand and Turkey) indicated that this happens “often”.

Just over half of the respondents also reported that the SAIs always or often assess or critique the quality of the performance information used in the budget, or audit the achievement of performance objectives or targets in the budget. Ideally this should allow for useful feedback to line ministries and the centre as they develop and refine performance information and seek to evaluate what they have achieved. However, given that performance objectives or targets are also used for internal management and learn-

ing, and may evolve or be refined based on that learning, audits that are overly focused on compliance only may miss the mark. Finally, respondents indicated that it was much less common for the SAI to assess the quality of the programme model being used, or to provide an overall assessment of the effectiveness of the performance-budgeting related system as a whole.

Methodology and definitions

The data for Table 5.4 were collected as part of a 2014 survey of members of the OECD Senior Budget Officials Performance and Results Network. Respondents were predominantly senior officials in ministries of finance. Officials were able to consult with their national SAI when preparing the survey and several reported doing so. Data does not cover information on the quality of performance audits or the length of time an SAI has been concluding such audits. Twenty-five OECD countries responded to survey. The data displayed here is based on questions around the role of SAIs in the performance-related budgeting system. The response scale had five categories: always, often, sometimes, seldom and never/not applicable.

“Performance-related budgeting” seeks to establish clear links between financial allocations and non-financial or “performance” information – e.g. outputs, results, outcomes and impacts – with the goal of improving transparency, accountability and quality in the allocation and use of public resources and promoting better outcomes for citizens and for society.

According to the INTOSAI Performance Auditing Committee, performance auditing provides independent and objective examination of economy, efficiency, and effectiveness of government undertakings, services and activities.

Further reading

INTOSAI (2010), “ISSAI 3100 – Performance Auditing Guidelines: Key Principles”, approved at XXth Congress of INTOSAI, Johannesburg.

OECD (2014), “Background Note: Mini-Survey on Supreme Audit Institutions and Performance-Related Budgeting”, prepared for the 10th Annual Meeting of the OECD Senior Budget Officials Performance and Results Network, OECD, Paris.

Figure notes

5.1: The US GAO has a long track record in performance audit and it carries out significant examinations of performance-related information, which may not be included in the budget.

5. BUDGETING PRACTICES AND PROCEDURES

Performance-related budgeting and supreme audit institutions

5.4. Role of the SAI in the performance budgeting system

	Audit financial information of public bodies	Conduct "performance audits" or "VFM audits"	Audit the achievement of performance objectives	Assess the quality of performance information	Assess the quality of the "programme logic models" being used	Assess the performance budgeting system and may recommend reforms
Australia	●	●	▲	▷	▷	▲
Austria	●	●	◆	◆	◆	◆
Belgium	▲	▲	▲	◆	◆	■
Czech Republic	◆	■	■	■	■	■
Chile	●	■	■	■	■	■
Estonia	▲	◆	◆	◆	●	●
Finland	●	◆	●	◆	◆	◆
France	●	◆	■	●	▲	▲
Hungary	●	◆	■	◆	■	▲
Iceland	◆	▲	■	■	■	■
Ireland	●	▲	■	■	■	■
Italy	●	▷	▷	■	■	■
Japan	●	●	◆	◆	▲	▲
Korea	●	◆	●	●	●	◆
Mexico	●	●	●	●	●	◆
New Zealand	●	◆	◆	◆	■	▷
Norway	●	●	●	◆	▲	▲
Poland	●	▲	▷	▲	▲	▲
Slovenia	●	◆	▲	▲	▲	▷
Spain	●	■	■	■	■	■
Sweden	●	◆	▲	◆	◆	▷
Switzerland	◆	▲	▷	■	▷	■
The Netherlands	●	◆	◆	◆	▲	▲
Turkey	●	▲	◆	◆	■	▲
United States	◆	▲	▷	▷	▷	▷
United Kingdom	●	●	●	●	▲	●
OECD Total						
● Always	20	6	5	3	4	2
◆ Often	4	9	5	11	4	4
▲ Sometimes	2	7	5	3	6	8
▷ Seldom	0	1	4	2	3	4
■ Never	0	3	7	7	9	8

Source: OECD (2014), Mini-Survey on Supreme Audit Institutions and Performance-related Budgeting.

StatLink  <http://dx.doi.org/10.1787/888933248766>



From:
Government at a Glance 2015

Access the complete publication at:
https://doi.org/10.1787/gov_glance-2015-en

Please cite this chapter as:

OECD (2015), "Performance-related budgeting and supreme audit institutions", in *Government at a Glance 2015*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/gov_glance-2015-29-en

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d'exploitation du droit de copie (CFC) at contact@cfcopies.com.