

## How to self-assess SAI independence using the VAGO methodology

The VAGO methodology applies in the following way:

- Sixty key “independence factors” or legislative components are identified that are relevant to the eight independence pillars of outlined in the Mexico Declaration. This is really a practical list of factors that contribute to independence. They are set-out in Appendix 1 [here](#);
- A SAI enters a score of between 1 and 10 for each independence factors’ depending on the extent that each of the independence factor is free from executive influence (this is how “independence” has been defined for the purposes of the assessment.) In making this assessment a degree of judgement is required as legislation is not always clear. The scoring criteria are set out in Appendix 2 [here](#); and
- The scores are then added up to see how well/poorly the SAI scores in total, and across each of the eight independence pillars (Appendix 3 [here](#)).

The assessment can be used for a number of purposes. For example, it can be used to determine the extent of SAI independence across the eight independence pillars and the specific areas of strengths and weaknesses and where to focus its attention. It will allow a SAI to compare its relative independence with other SAIs. With this in mind, we have provided links to the VAGO’s 2009 and 2013 reports below which set out the scores for 10 Australasian SAIs.

- 2009 report - [www.acag.org.au/Independence\\_ANZ\\_20090702.pdf](http://www.acag.org.au/Independence_ANZ_20090702.pdf)
- 2013 report - [www.acag.org.au/Independence-of-Auditors-General-in-ANZ-2013.pdf](http://www.acag.org.au/Independence-of-Auditors-General-in-ANZ-2013.pdf)

*All material in this part of the resource kit, including any reference to the “VAGO methodology”, is the copyright of the Auditor-General of Victoria.*

## Appendix 1 – independence factors

### 1. Constitutional/statutory/legal framework

Factor	Score (1 – 10)
Whether constitutional provisions and/or enabling legislation exists which specifically address the establishment, status, mandate and powers of the Auditor General, as opposed to establishment by Executive action	
Whether there is separate audit legislation to ensure that Parliamentary debate is focused on the Auditor General's role, functions and independence rather than being diluted by broader debate on wider financial legislation	
Whether there is an oath or affirmation of office that reinforces the independence of the Auditor General and his or her relationship with the Parliament and before whom the oath is sworn or the affirmation is made	
Whether the independence of the Auditor General is explicitly mandated and/or stated as a requirement or obligation	
Whether the status and/or rank of the Auditor General is established to ensure that the independence and authority of the role is recognised and respected by other parts of government	
Whether the mechanism for determining remuneration (a key determinant of status and/or rank) of the Auditor General is established and protected from Executive influence	
Whether the Auditor General is constrained from holding other positions or gaining remuneration from other forms of employment or, where this is permitted, whether the Executive is involved in giving permission	
Whether there is oversight of the Auditor General's role by a Parliamentary Committee to ensure that the role is seen to be accountable to the Parliament	
Whether there is a statutory requirement for a periodic review of the performance of the Auditor General's role and the extent of Executive influence in determining the terms of reference or in receiving the report of the review.	
Total score	

## 2. Independence of SAI heads

Factor	Score (1 – 10)
Who makes the appointment decision and the extent of Parliamentary involvement	
Whether the appointment process was independently supervised to increase transparency and reduce the risk of political patronage and partisan appointments	
Whether certain persons are ineligible for appointment as Auditor General	
How and by whom the term of appointment is determined	
Whether reappointment is possible and if so how and by whom the decision to reappoint is made	
Whether the Auditor General's remuneration is protected from being reduced during his or her term of office	
Whether remuneration is automatically appropriated to preclude Executive or bureaucratic interference	
Whether there is a statutory Deputy Auditor General	
How and by whom decisions are made about the appointment of an acting Auditor General, to reduce the risk of untoward Executive influence when there is a vacancy in the office	
How an Auditor General may resign and to whom the resignation is submitted to reduce the risk of Executive influencing the resignation or the timing thereof	
How and by whom an Auditor General can be suspended	
How and by whom a suspended Auditor General can be restored to office	
How and by whom an Auditor General can be removed from office	
Whether the Auditor General is provided with some form of legal immunity in the normal discharge of the role	
Total score	

### 3. Mandate and discretion

Factor	Score (1 – 10)
Financial statements/accounts - audit opinions that provide assurance about financial statements or accounts	
Compliance with statutory obligations – providing assurance or directly determining whether an agency has complied with its financial and non-financial statutory obligations	
Management reporting systems - providing assurance about the effectiveness of management reporting systems for financial and/or non-financial reporting	
Performance indicators and/or performance reports - providing assurance about performance indicators and/or performance reports	
Performance audits/examinations - directly examining or investigating any aspect of an entity's operations and/or the economy efficiency and effectiveness with which its functions were performed	
Public ledger/whole of government finances (audit of whole of government public ledger and/or budgets)	
Government departments (audit of the use of public money, resources or assets by government departments)	
Statutory authorities (audit of the use of public money, resources or assets by government statutory authorities)	
Instrumentalities and trusts (audit of the use of public money resources or assets by other instrumentalities or trusts)	
Government owned or controlled entities (audit of the use of public money, resources or assets by government owned business enterprises, corporations and subsidiaries)	
Deemed entities (audit of entities deemed by government to be public entities because of the use of public resources whatever the extent of control)	
Joint-venture or partnerships (audit of public-private partnerships or joint endeavours that used significant public resources, or gain significant benefit there from)	
Related entities (audit of bodies or entities that are financially dependent upon public resources and subject to operational public control)	
Government affiliated entities (audit of entities financially dependent upon public resources but independently controlled)	
Grant recipients (audit of recipient of grants of public resources to determine if the resources have been used for the intended purposes)	
Beneficiaries or recipients of any public resources (audit of the use of public money, resources or assets by a recipient or beneficiary regardless of its legal nature)	
Discretion for the Auditor General to undertake audits, examinations or investigations or to otherwise exercise the mandate provided. The key factor examined for discretion is whether the Auditor General is subject to direction, and if so by whom.	
Total score	

#### 4. Access to information and confidentiality

Factor	Score (1 – 10)
The ability to access documents or information in any form that is relevant to an audit	
The ability to call persons to produce documents, give evidence orally, in writing or under oath	
The ability to access premises and to examine, make copies of or extracts from documents or other records	
The extent to which confidentiality of information obtained by the Auditor General is preserved and protected from inappropriate disclosure	
Total score	

#### 5. Reporting rights and obligations

Factor	Score (1 – 10)
The obligation to report to Parliament on the discharge of functions generally	
The ability to produce separate reports on any matter the Auditor General considers warranting such a report	
The ability or requirement to report directly to the Parliament	
Total score	

#### 6. Content, timing and report publication

Factor	Score (1 – 10)
Whether the Auditor General has complete discretion over when to report and what to include in, or exclude from, a report	
Whether the Auditor General is required to provide audited entities or persons with an opportunity to comment on a proposed report consider responses of and whether they have discretion to fairly summarise any response received so that the extent and form of a response cannot be used to subvert or divert attention from audit findings	
Whether 'sensitive' information may be included in the Auditor General's report	
Whether the reason for withholding 'sensitive' information may be disclosed	
Whether the Auditor General's reports are published for general distribution to the public	
Total score	

## 7. Follow-up mechanisms

Factor	Score (1 – 10)
Whether the Parliament has some mechanism for considering the Auditor General's findings, for holding the government to account and for following up on recommendations	
Total score	

## 8. Management autonomy and resourcing

Factor	Score (1 – 10)
Staffing autonomy or the independence from the Executive control of the public service	
Financial autonomy or the independence of the process for of establishing the budget for the Auditor General from the Executive	
Drawing rights on appropriated resources and to whom resources are appropriated and its independence from the Executive	
Office autonomy or the independence of the structure supporting the Auditor General from Executive control	
Whether the Auditor General is the chief executive or accountable officer with administrative control of and accountability for his or her office	
Whether the Auditor General is required to produce an annual administrative report and financial statements	
Whether the appointment, terms of reference, and reporting line of the auditor of the Auditor General's office is subject to Executive control	
Total score	

## Appendix 2 - Independence factor scoring

0 - Silent or Executive decides -- the legislation is either silent about the factor or the factor is under the direct control of the Executive.

1 - Parliament consulted -- the Executive is required to consult a Committee of Parliament and/or the leader of each political party within the Parliament before making a decision about the factor. This mechanism improves transparency, but does not shift decision making power and the decision still rests with the Executive.

2 - Parliament veto -- the Parliament or a Committee of Parliament is able to veto a proposal from the Executive about the factor. This introduces some level of Parliamentary control, although any decision about what to propose rests with the Executive.

3 - Parliament recommends -- the Parliament or a Committee of Parliament makes recommendations to the Executive about the factor. This enables Parliament to take the initiative but the final decision rests with Executive, which may reject the recommendation.

4 - Parliament decides -- any decision about the factor is made by the Parliament or a Committee of Parliament. This places control within the Parliament itself where it is transparent and more difficult for Executive to influence.

5 - Independent body decides -- any decision about the factor is made by another independent body, outside of the control of the Executive. This should remove partisan politics, although the independent body itself may or may not be subject to Executive influence.

6 - Auditor General decides -- any decision about the factor is made by the Auditor General, free from Executive influence.

8<sup>1</sup> - Legislation mandates -- the factor is explicitly addressed in the legislation. Any variation would require legislative amendment and Parliamentary debate and is therefore protected from Executive influence.

10 - Constitution mandates -- the factor is embedded in the Constitution. An amendment to the Constitution would require a large Parliamentary majority and/or referendum. This gives the highest possible protection from Executive influence.

---

<sup>1</sup> Note that the methodology does not use either 7 or 9 as possible scores.

### Appendix 3 - Total score

#### Total score

Factor	Total score from Appendix 1
1.Constitutional/statutory/legal framework	
2.Independence of SAI heads	
3.Mandate and discretion	
4.Access to information and confidentiality	
5.Reporting rights and obligations	
6.Content, timing and report publication	
7.Follow-up mechanisms	
8.Management autonomy and resourcing	
<b>Total score</b>	