CHAPTER 3

SAIs' contributions to sound public financial management and stronger budgets to deliver on the SDGs

3.1 Introduction

The Addis Ababa Action Agenda identified a set of commitments and actions aimed at mobilizing financial resources – both domestic and international, public and private – to support the achievement of the Sustainable Development Goals (SDGs).[1] It called for aligning public expenditures with national development priorities and the SDGs, ensuring that public resources are directed towards sectors that foster inclusive and sustainable growth. In the context of the Fourth International Conference on Financing for Development (30 June - 3 July 2025), the outcome document (Sevilla Commitment on financing for Development)[2] underscores the need for a whole-of-government approach to enhance transparency and accountability in public financial management. This includes promoting budget transparency, improving efficiency, and strengthening accountability, particularly through the oversight role of supreme audit institutions (SAIs). Public debt management, including enhanced transparency and accountability on domestic and external debt, also features prominently in the commitment. These issues, which extend across SDG 16 and SDG 17, are critical to achieving progress on all SDGs.

SAIs play a pivotal role in promoting transparency, accountability, and effectiveness in the use of public resources. By auditing government revenues, expenditures and programmes, SAIs help ensure that public funds are used as intended and aligned with national priorities. They are instrumental in identifying deviations from approved budgets, analyzing their root causes, and assessing their impact across various sectors and population groups. SAIs also strengthen debt accountability by auditing public debt management practices.[3] Their oversight ensures that borrowing and debt servicing are conducted in a transparent, responsible, and sustainable manner. Independent, evidence-based, and publicly accessible audit reports are essential for evaluating the performance of public financial management systems. Audit reports offer valuable insights into how effectively public resources are being used to support national development objectives and advance the SDGs.

The chapter examines the evolving role of SAIs in auditing public finance, with a particular focus on three key areas: public financial management (PFM) processes, budget execution and public debt. It explores how SAIs' audit practices have developed over time and highlights diverse audit approaches and tools employed. The chapter synthesizes key findings and recommendations from these audits and reflects on the challenges and opportunities SAIs face in enhancing public finance oversight.

The findings point to systemic weaknesses – such as misalignment between planning and budgeting, weak budget execution, persistent transparency and reporting gaps, and limited linkage to performance objectives – that undermine the effective allocation of resources for SDG implementation. They also reveal critical shortcomings in public debt governance, including poor coordination, inadequate risk management, and weak monitoring and evaluation of debt activities, all of which heighten fiscal sustainability risks.

Positive examples of audits that have led to improvements in public financial management demonstrate that audit findings and evidence-based recommendations can inform policy reforms, accelerate SDG implementation, and shape global discussions on financing for development. However, realizing this potential requires a stronger focus on the performance of fiscal systems, better integration of audit insights into policymaking, and deeper collaboration with stakeholders to ensure that audit results translate into actionable improvements.

The chapter is informed by a comprehensive analysis of relevant literature, audit reports and expert interviews conducted, both in-person and virtually, between October 2024 and May 2025. The analysis of audit reports draws on a sample of 127 reports from 40 countries, including 4 subnational reports and 2 cooperative audits, focused on public debt, as well as 80 reports from 20 countries focused on budget execution. The chapter also incorporates insights from the collaboration between UNDESA, the International Budget Partnership (IBP) and SAIs from various regions aimed at strengthening budget credibility through external audits. Further details on the methodology are provided in Annex 1.

Following the Introduction, section 3.2 traces the evolution of SAIs' work in public finance auditing. Section 3.3 explores the methodologies and approaches employed in auditing public finance. Section 3.4 discusses key challenges and opportunities for SAIs in this area. Section 3.5 outlines the main findings and recommendations from the audit analysis, while section 3.6 highlights findings and recommendations specific to SIDS and LDCs. Examples of positive impact resulting from SAIs' work are presented in section 3.7. The chapter concludes in section 3.8 with key messages aimed at informing and enhancing the role of SAIs in strengthening public financial management for sustainable development.

3.2 Overview of SAIs' work on public finance and how it has evolved

Supreme audit institutions play a central role in auditing public finance and ensuring the effective, transparent and accountable use of public budgets. Their oversight helps safeguard the integrity of public financial management and supports the achievement of national development goals. This section provides an overview of SAIs' work on public finance and its evolution.

3.2.1 Mandate

The foundational principles of public sector auditing are enshrined in the Lima Declaration (1977), which affirms that "the orderly and efficient use of public funds constitutes one of the essential prerequisites for the proper handling of public finances and the effectiveness of the decisions of the responsible authorities."[4] Building on these principles, the mandate of SAIs to audit public finance is anchored in their authority to review and assess the execution of the annual state budget. In some jurisdictions, this mandate extends to auditing and issuing an opinion on government financial statements, in accordance with the standards outlined in ISSAI 200 on financial audits.[5]

SAIs generally interpret their mandate to cover a broad range of public financial issues, including budget credibility and public debt.[6] However, the scope and procedures for auditing budget execution and broader public financial management (PFM) systems, including public debt management, are defined by each country's legal framework.

The nature and extent of SAIs' mandates vary depending on the institutional model of SAI and the country's legal tradition. For example, judicial model SAIs often focus on compliance audits and may have the authority to impose penalties on public officials. Auditor-General and Board of Audit models typically emphasize financial audits of the state's balances and may also conduct performance audits to support legislative oversight. Despite these differences, audit practices across institutional models have increasingly converged.[7] Courts of Accounts are expanding their use of financial and performance audits, while Auditor-General SAIs are strengthening their compliance audit functions. This evolution reflects a broader shift toward integrated and impact-oriented public finance auditing. A common challenge across SAI models is their inability to enforce recommendations, relying instead on legislatures and other stakeholders to pressure governments into action. See section 3.3 for further discussion on audit approaches and section 3.7 on impact.

In some countries, SAIs are also mandated to conduct prospective or ex-ante audits, providing oversight during the budget formulation stage. For example, SAIs in Belgium, Brazil, Burkina Faso, Costa Rica, Germany, and Luxembourg are authorized to issue audit opinions on macroeconomic assumptions, pre-project estimates, and other draft budget documents prior to legislative approval. This early oversight can help identify and correct inconsistencies in the budget process. However, some experts caution that such involvement may compromise SAIs' ability to independently assess the final budget implementation.[8]

Certain SAIs also hold specialized mandates related to fiscal oversight. A notable example is the National Audit Office of Finland (NAOF), which has hosted the Independent Fiscal Institution (IFI) since 2013. The NAOF's Fiscal Policy Monitoring team is responsible for monitoring compliance with national fiscal rules and assessing the objectives of the Government's fiscal plan.[9]

3.2.2 Recognition and evolution of SAIs' work on public finance

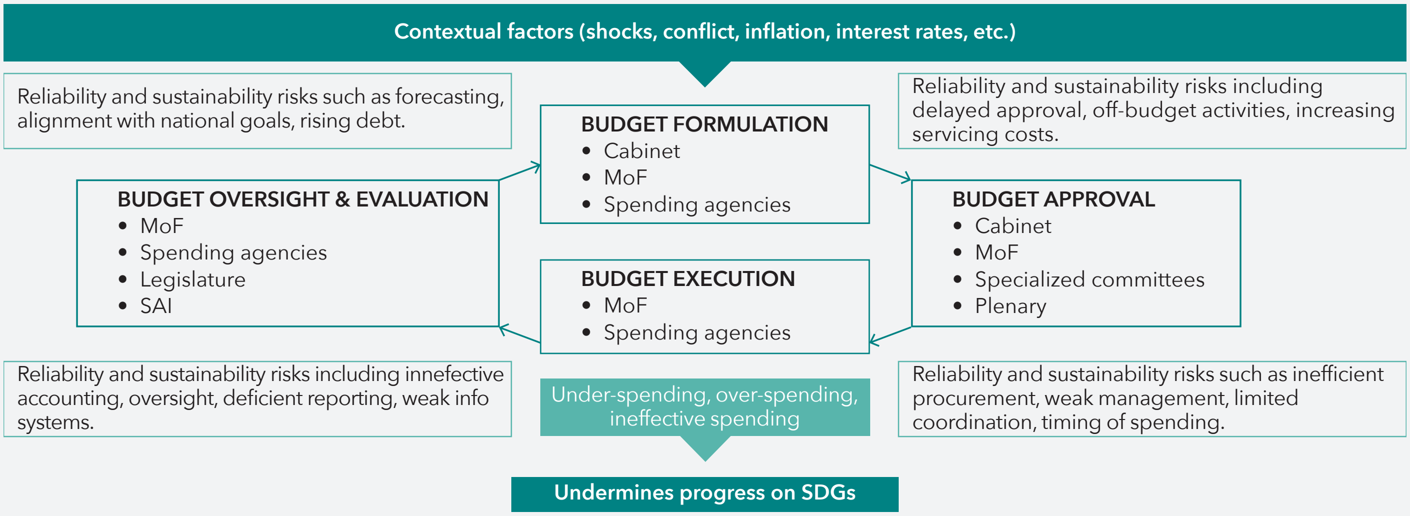
Public budgets are a cornerstone of SDG implementation, and their credibility is essential for ensuring the effective and efficient use of public resources. SDG 16 explicitly recognizes the importance of budget credibility through indicator 16.6.1, which measures the difference between the legislated annual budget and actual expenditures.[10] Data from 2015 to 2022 show a growing divergence between planned and executed budget expenditures across countries and regions, with actual expenditures frequently exceeding approved allocations.[11] When budgets deviate from planned expenditures or fail to meet revenue and spending targets, essential services - such as health, education, and environmental protection - are disrupted. This undermines efforts to reduce poverty and inequality, erodes public trust in institutions, jeopardizes the integrity of public funds and increases the risk of corruption.[12]

Achieving the SDGs requires fiscal policies that support long-term debt sustainability. SDG target 17.4 underscores the need to assist developing countries in managing long-term debt sustainably and reducing the risk of debt distress. However, factors like the COVID-19 pandemic, rising interest rates, slowing economic growth and declining commodity prices have driven a sustained increase in public debt. By the end of 2024, global public debt was estimated at 95.1 per cent of global GDP, with fiscal deficits remaining substantial.[13] In most major economies, debt-to-GDP ratios exceeded 80 per cent, while in all developing regions except Western Asia, the average ratio surpassed 65 per cent. The International Monetary Fund (IMF) projects that global public debt will near 100 per cent of GDP by 2030,[14] constraining fiscal space and curbing essential public investments, threatening progress towards the SDGs.[15]

SAIs are increasingly aware of the challenges surrounding budget credibility, debt management, and fiscal sustainability within their national contexts (see figure 3.1). Several factors have contributed to this heightened focus on public financial management. The aftermath of the 2008 financial crisis and the surge in public spending during the COVID-19 pandemic have underscored the need for stronger fiscal oversight. Collaboration with external stakeholders and the proactive role of INTOSAI bodies– such as the INTOSAI Development Initiative (IDI) – have also helped elevate these issues on the audit agenda.

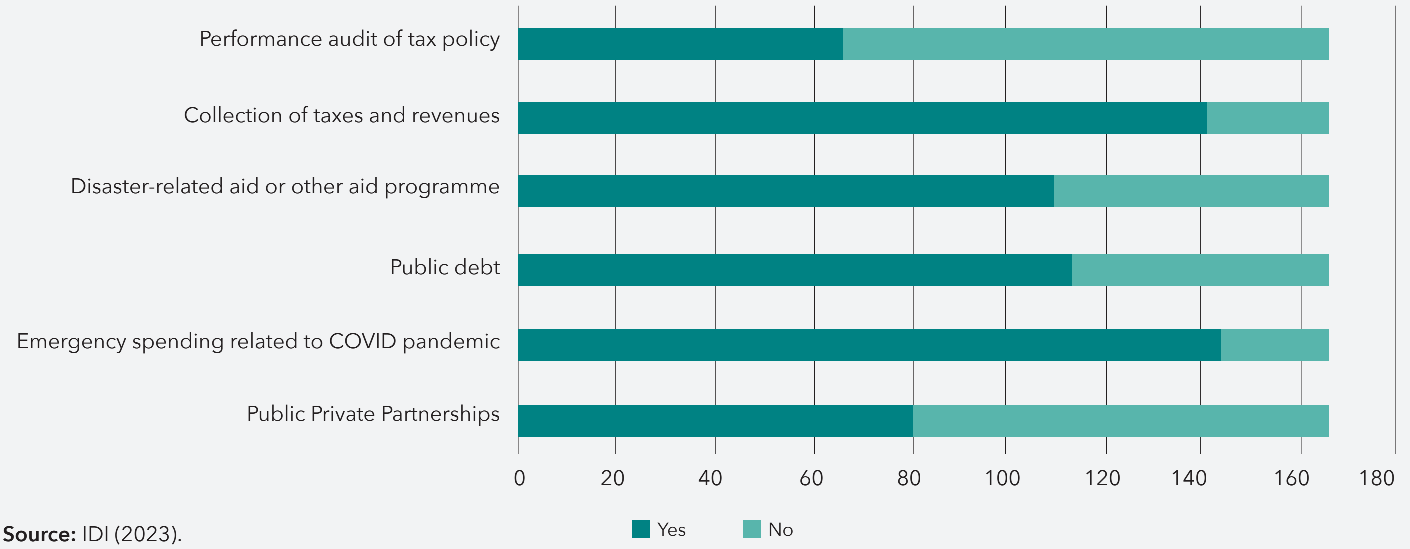
The INTOSAI 2023 Global Stocktake reinforces the growing importance of public finance audits.[16] Between 2020 and 2022, 68 per cent of 166 SAIs reported auditing public debt, 85 per cent conducted audits on tax and revenue collection and 87 per cent audited COVID emergency spending. This trend is evident among SAIs in Least Developed Countries (LDCs) and Small Island Developing States (SIDS), with SAIs in SIDS reporting their highest number of audits during this period in areas such as emergency spending and tax and revenue systems. See figures 3.2 and 3.3.

FIGURE 3.1 | Budget credibility, public debt and public spending on SDGs



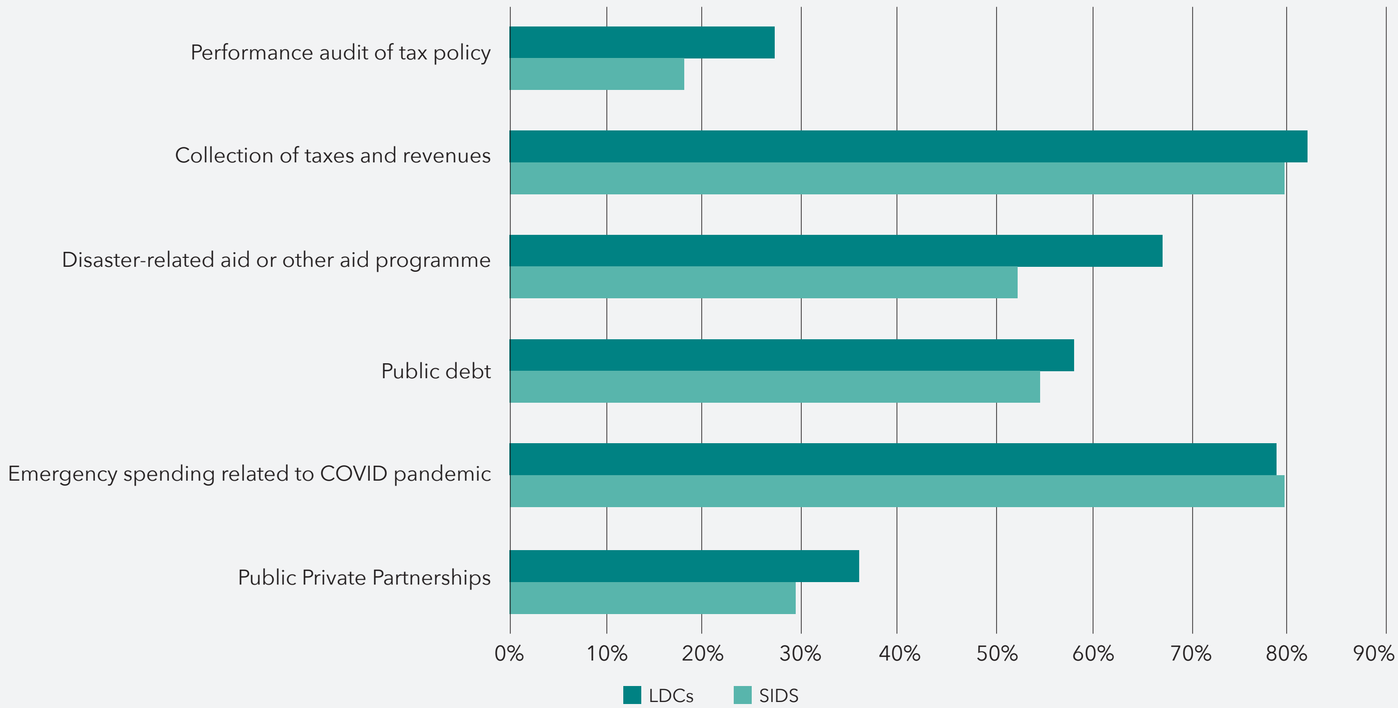
Source: Author.

FIGURE 3.2 | Proportion of SAIs that conducted public finance audits in 2020-2022



Source: IDI (2023).

FIGURE 3.3 | Proportion of SAIs that conducted public finance audits in 2020-22 in SIDS and LDCs

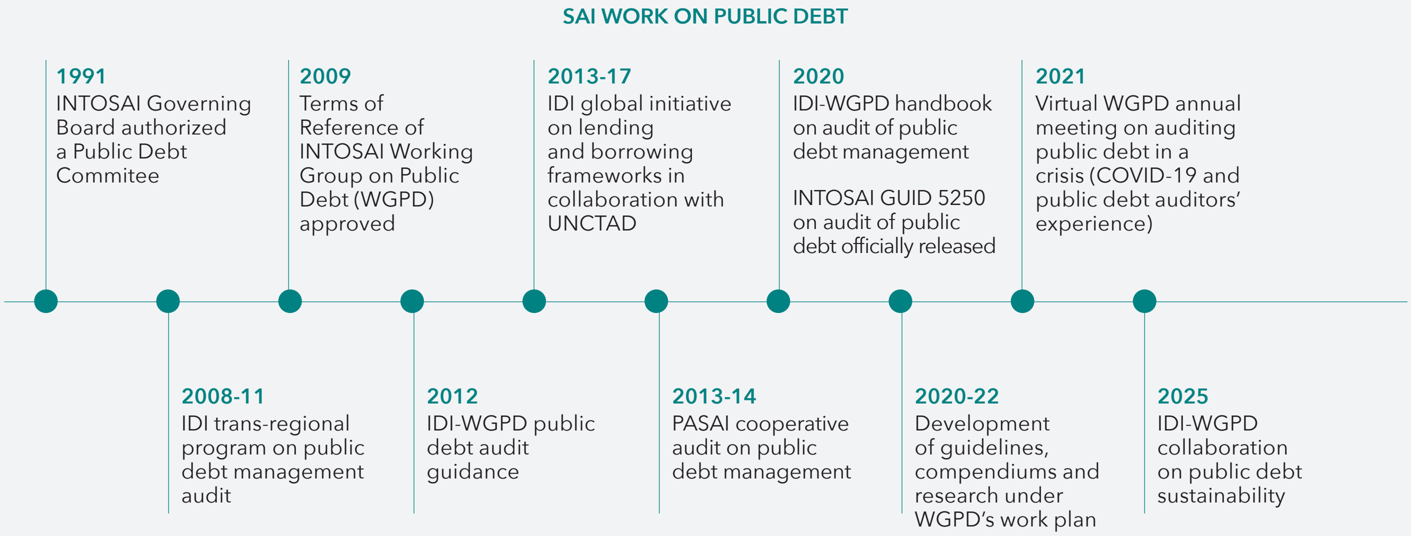


Source: IDI (2023).

Over time, SAIs have made significant strides in auditing public finance and building capacity in this area. While INTOSAI does not currently maintain a dedicated institutional platform for budget oversight, it has supported capacity development through various initiatives. The INTOSAI Working Group on Public Debt (WGPD), established in 1991, has played a pivotal role in enhancing SAIs' capabilities in public debt auditing. Through knowledge sharing and collaboration, the WGPD has produced valuable audit guidance and resources such as INTOSAI GUID 5250 (2020) and the IDI-WGPD handbook on auditing public debt, while also engaging with relevant stakeholders.[17] See figure 3.4. for key milestones.

In recent years, there has been growing interest in the role of SAIs assessing and enhancing budget credibility. Between 2022-2024, UNDESA and IBP partnered with SAIs to develop a handbook on strengthening budget credibility through external audits.[18] SAIs in several countries have used this resource to train auditors on budget credibility assessments.[19] Meanwhile, the INTOSAI Development Initiative (IDI) has expanded its collaboration with major public finance stakeholders, including the IMF and the Public Expenditure and Financial Accountability (PEFA) program,[20] and continued its collaboration with the WGPD to enhance SAIs' capacity in auditing public debt sustainability through virtual sessions and other activities.[21]

FIGURE 3.4 | Milestones of INTOSAI work on public debt



Source: Author.

BOX 3.1 | Manuals to support SAI work on public finance

In 2012, IDI and the INTOSAI Working Group on Public Debt (WGPD) developed initial guidance for auditing public debt, followed by a comprehensive handbook in 2020 under the IDI's Auditing Lending and Borrowing Frameworks programme. Authored by SAI experts, the handbook offers detailed, practical guidance for conducting financial, performance and compliance audits across various dimensions of public debt management.

The WGPD continues to support SAIs through research and resource development, including audit guidelines (e.g., on government guarantees), compendiums of SAI experiences, institutional capacity assessments and reference materials such as glossaries.

In parallel, the United Nations Department of Economic and Social Affairs (UNDESA) and the International Budget Partnership (IBP) collaborated with SAIs from Argentina, Brazil, Georgia, Indonesia, Morocco, the Philippines, Uganda, and Zambia – alongside support from SAI Jamaica, SAI South Africa, and the U.S. Government Accountability Office (GAO) - to produce a handbook and pocket guide on strengthening budget credibility through external audits. Launched in 2023, both resources are available in English, French, and Spanish.

Source: WGPD; https://idi.no/wp-content/uploads/resource_files/audit-of-public-debt-management-handbook-for-sais-v1.pdf; UNDESA and IBP (2023)

3.2.3 Mapping SAIs' work on public finance

SAIs produce a wide range of public finance audits that offer critical insights into budget credibility, debt management and sustainability, and systemic weaknesses in PFM systems. These audits help assess the extent and causes of budget deviations and the effectiveness of public debt management practices.

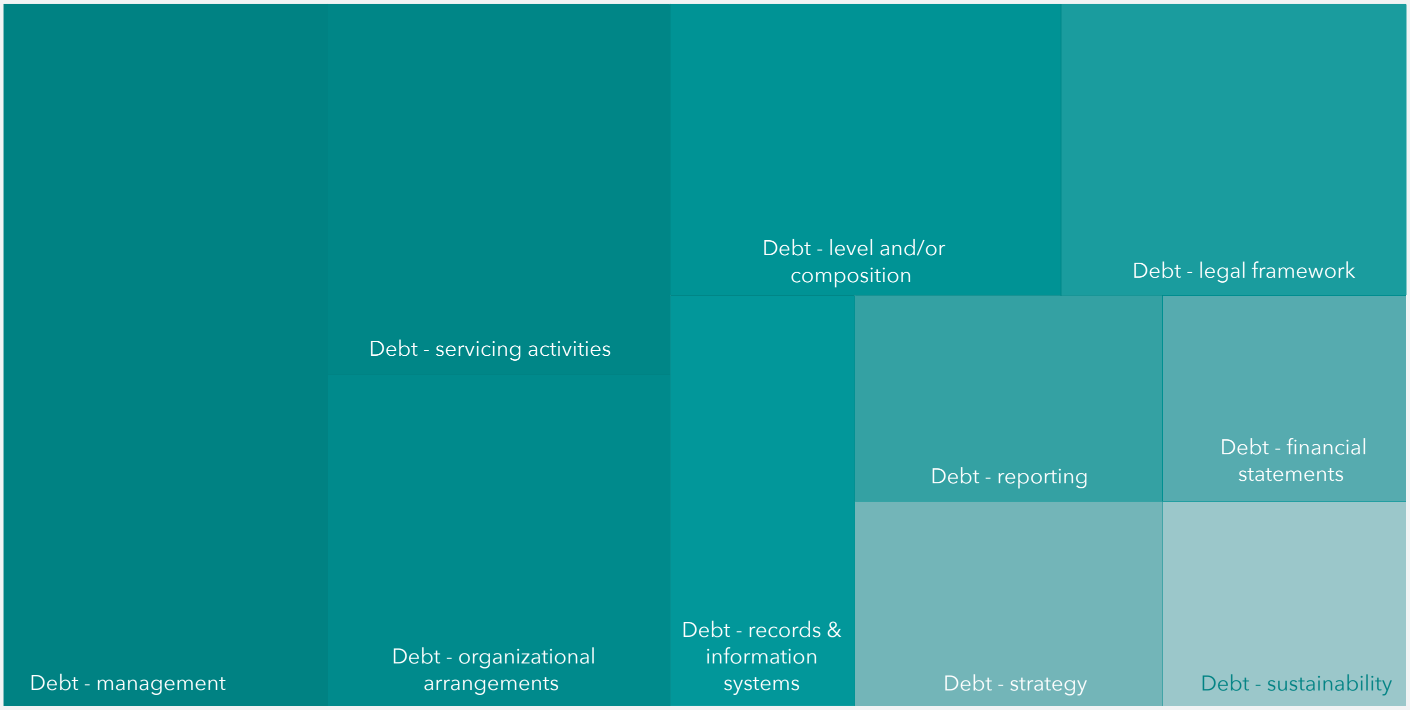
Analysis of audit reports for this chapter reveals that SAIs primarily focus on procedures related to management, monitoring and oversight of financial allocations (21 audit reports), the generation, capture and management of performance information (20 reports), and the comprehensiveness, reliability and conformity of budgets with established accounting standards (19 audit reports). Additional areas include fiscal forecasts and plans (15 reports) and budget planning processes (8 audit reports). See figure 3.5.

FIGURE 3.5 | Focus of public finance audits

Source: Analysis of 80 audit reports. 107 observations.

In public debt audits, 59 performance audits show emphasis on public debt management (18 reports), servicing (10 reports), institutional arrangements (9 reports), debt level and composition (9 reports), legal and regulatory frameworks (8 reports) and reporting, records and information systems (6 reports). Financial audits —particularly those that assess public debt within the context of financial statement audits— tend to focus more on debt sustainability and the structure of debt (see figure 3.6).

FIGURE 3.6 | Focus on public debt issues in performance audits



Source: Analysis of 59 performance audits on public debt.

Despite the relevance of this work, links to the SDGs, particularly targets 16.6.1 on budget credibility and 17.4 on debt sustainability, remain limited. Exceptions include the WGPD 2017-22 strategic plan[22] and SAI Austria's 2023 Annual Report, which underlined a whole-of-government perspective on public finances in support of SDG16. SAI Kenya has referred to SDG target 2.4 in a performance audit on the use of debt funds by the Ministry of Agriculture. SAI Egypt and Zambia have looked at the integration of the SDGs into national planning and budgeting. SAI Indonesia has conducted audits with a national thematic audit approach on specific themes related to the SDGs.[23]

To better demonstrate the public value of these audits, topics can be mapped across the budget and borrowing cycle. An online annex illustrates how SAIs from different regions have addressed diverse public finance issues using varied methodologies - from annual audits of budget execution or year-end accounts to standalone performance audits and forward-looking assessments of fiscal sustainability. These methodologies and audit approaches are further explored in section 3.3.

However, external oversight by SAIs remains a weak point in many countries. Data from the World Bank's Public Expenditure and Financial Accountability (PEFA) and Debt Management Performance Assessment (DeMPA) frameworks show that performance audits are among the least developed components of public financial and debt management systems.[24] Section 3.4 explores the challenges SAIs face and emerging strategies to strengthen their role.

3.3 How SAIs audit public finance

Supreme audit institutions conduct fiscal oversight using a range of methodologies, including financial, compliance and performance audits, complemented by tools such as evaluations, models, projections, and reviews (see Box 3.2). The selection of the type of audit depends on the SAI institutional model and national context, with no standardized approach for integrating audits of government final accounts with broader public finance assessments.[25]

BOX 3.2 | Examining public finance through different types of audits

Auditors apply different types of audits to assess key aspects of public financial management. Financial audits verify the completeness and accuracy of financial statements, including budget execution and public debt. Compliance audits evaluate whether budget processes adhere to legal and regulatory frameworks. Performance audits assess the efficiency, effectiveness, and economy of budget and debt management, including whether intended objectives have been achieved.

Source: Based on ISSAI 200, ISSAI 300, and ISSAI 400.

This section outlines how SAIs audit public finance - focusing on PFM systems, budget credibility and public debt – by examining methodologies and approaches, audit scope and frequency, innovative practices and SAI stakeholder engagement in fiscal oversight.

3.3.1 Audit approach

Many SAIs address public finance issues through annual audits of year-end accounts or budget execution, often including opinions on government financial statements. For example, in a 2023 survey, 15 of 19 WGPD members reported auditing public debt through this approach.[26] In addition to annual audits, SAIs conduct separate financial, compliance and performance audits to examine specific aspects of public finance.

Audits of year-end accounts offer several important benefits.[27] They provide a comprehensive analysis of the national budget, identify inconsistencies across the budget cycle in a timely manner, and promote adherence to fiscal rules. These audits also support timely responses to emerging trends, contributing to sound public financial management.

As noted in section 3.2, audit practices are converging across SAI models, with increased emphasis on performance auditing. This shift reflects a broader recognition of the value of assessing not only financial accuracy, but also the effectiveness and legality of public sector operations. Performance audits in particular are gaining traction as a tool for assessing public finance, regardless of regional or capacity differences. They are being applied across a range of public finance audit topics, often in combination with financial and compliance methodologies. Integrating multiple audit methodologies strengthens public finance assessments (see Box 3.3). For example, since 2022, the Office of the Auditor General of Uganda has systematically embedded performance and compliance elements into financial audit processes, supported by targeted training for financial auditors.[28] This trend underscores the role of SAIs in promoting fiscal transparency and stronger PFM systems through more comprehensive and evaluative approaches to public sector auditing.

However, integration remains challenging. Organizational barriers, misaligned audit timelines, and insufficient cross-referencing of findings across audit types hinder collaboration and integrated approaches.

BOX 3.3 | Combining different audit practices and information

The Auditor General's Department of Jamaica reported that combining audit types - such as analytical reviews and trend analyses of the financial statements before performance audits - resulted in more targeted findings. These insights have led to measurable improvements in the entities' financial management and reduced reliance on government budgetary support, expanding fiscal space for funding other government programmes.

Source: Input by Gail Lue Lim, UNDESA-IBP Technical Meeting (May 26-28, 2021).

Most SAIs conduct audits annually, typically centered around year-end accounts. With the rise of mid-year financial reporting, many SAIs have adopted mid-year audits aligned with interim budget reports. The frequency of other public finance audits, including those on public debt, varies. In some countries, such as Romania, audits follow the provisions of the annual audit plan. Other SAIs conduct annual audits of public debt as part of broader financial and compliance audits of financial statements (e.g., Argentina, Maldives, Philippines) or as standalone audits (e.g., U.S. GAO, Lithuania).

Some SAIs adopt a long-term, incremental strategy to build their public finance audit portfolio. Auditing debt financing often requires foundational knowledge of budget formulation, execution and cash management.[29] The SAIs of Argentina, Indonesia and Portugal exemplify this approach (see Boxes 3.4 and 3.5).

BOX 3.4 | An incremental approach to auditing public finance

The Board of Audit of the Republic of Indonesia (BPK) has incrementally conducted performance audits to evaluate key public financial management (PFM) processes. These audits have assessed the effectiveness of budget preparation in supporting the implementation of the Government-Wide Work Plan; the quality of expenditure management under performance-based budgeting; planning and budgeting processes of COVID-19-related programmes; and the alignment of planning and budgeting with legal frameworks.

Similarly, the General Audit Office of the Republic of Argentina (AGN) has adopted an evolving approach to auditing public debt. Starting with financial and compliance audits of multilateral loans, AGN gradually expanded the scope of the audits to include performance aspects, internal controls, including detailed reviews of back-office operations, and technological systems for debt recording. Over time, the audit perspective evolved further to include economic dimensions such as debt sustainability, repayment capacity, and renegotiation strategies, reflecting a comprehensive and maturing audit methodology.

Source: UNDESA and IBP (2023); Interview conducted for the WPSR 2025.

3.3.2 Scope of public finance audits

Public finance audits vary significantly in scope, reflecting different objectives and levels of analysis. Broad, systemic audits - such as those of the year-end accounts- adopt a whole-of-government approach, focusing on transversal, cross-cutting PFM systems and processes like budget planning and debt monitoring.[30] These audits typically assess national level systems rather than individual entities. In contrast, more targeted audits focus on specific entities or programmes, such as the use of borrowed funds or implementation of debt-financed projects. These audits provide granular insights into sectoral or institutional performance on public finance issues.

Analysis of audit reports for this chapter indicates that many SAIs adopt a systemic approach, evaluating the existence and implementation of strategies, the effectiveness of organizational arrangements, and the performance of monitoring and information systems. However, this does not always imply multi-entity coverage. Most audits primarily focus on central institutions such as Ministries of Finance or Treasury Departments, with some extending to other responsible entities, such as debt management agencies (e.g., France, Portugal, UK) or line ministries and implementing agencies (e.g., Kenya's audit of loan execution by the Ministry of Agriculture).

SAIs frequently integrate audits of varying scopes within their annual audit plans, enabling both wider insights and high-level oversight and detailed assessments of public financial management.

Public finance audits often span both transversal systems and entity-specific processes, which are interconnected. Issues identified at the programme or entity level frequently stem from systemic risks at the whole-of-government level – such as poor performance information management – that affect national budget preparation and forecasting. Integrating insights from both levels is essential to fully understand the root causes and improve the effectiveness of PFM systems. See an example from SAI Portugal in Box 3.5.

BOX 3.5 | Systemic risk factors can affect program implementation

In its annual opinion on the General State of Accounts, SAI Portugal regularly issues recommendations aimed at addressing shortcomings in budgetary management, treasury operations, national debt, state asset management, and the organization and operation of public services. These deficiencies are closely tied to budget credibility risks, with some of them stemming from the design and functioning of budget programmes. A notable recent audit finding highlights persistent non-compliance with budgetary limits within the Basic and Secondary Education and Health programs of the Portuguese government. The SAI identified this as a recurring issue, attributing it to *"structural problems in the budget forecasting process."* The SAI emphasized the need for more realistic and evidence-based forecasting approach, warning that continued inaccuracies pose a significant risk to the overall credibility of the national budget.

Source: SAI Portugal (UNDESA and IBP 2023, Chapter 6).

However, some SAIs face mandate limitations, particularly regarding subnational levels of government and state-owned enterprises. In jurisdictions with weak oversight at lower levels of government, the use of public funds and the accumulation of public debt at the subnational level may escape adequate scrutiny.[31] While most WGPD members audit public debt at all levels of government, some SAIs such as those in Argentina, Indonesia, Lithuania, and the United States (GAO) – restrict their audits to central government, leaving subnational debt outside the scope of their work.[32]

3.3.3 Innovations in public finance auditing

Despite the technical complexity of public finance, SAIs have advanced innovative audit approaches, particularly in performance-oriented auditing. These innovations include combining different audit methodologies, expanding the scope and coverage of audit reports, and integrating tools such as data analytics to enhance audit depth and relevance.

Combining methodologies

SAIs are increasingly blending financial, compliance and performance audits. For example, following a PEFA assessment in 2009, SAI Brazil implemented a multi-year initiative to modernize its audit of the year-end accounts. This included capacity-building in financial auditing and a hybrid audit model that combines the financial audit opinion on the consolidated accounts with an assessment of the regularity of budget execution, incorporating elements of compliance and performance auditing. This enhanced audit planning and improved engagement with the legislature by aligning audit outputs with the needs of the Budget Committee and sectoral committees.[33] Similarly, SAI Korea's annual audit integrates a comprehensive analysis of public finance and macroeconomic variables with reviews of performance planning and reporting, identifying inconsistencies in reported performance indicators - 62 discrepancies in performance data in 2016.[34]

SAIs in Georgia, North Macedonia and Uganda have incorporated public debt audits into their annual audits of the financial statements, supplementing the analysis with dedicated performance audits. For example, SAI North Macedonia conducted performance audits on public debt management (2022) and on measures and policies for servicing public debt (2024). SAI India has consolidated guidelines for debt sustainability analysis, including a comprehensive, indicator-based, assessment that uses the Domar model to calculate financing gaps and long-term fiscal risks.

Analysis of overall trends and whole-of-government analyses

SAIs such as those in Brazil and France publish annual reports evaluating the performance of public policies, aiming to link budget execution audits with programme outcomes. However, these reports do not consistently inform budgetary deliberations and often include programmes that fall outside the scope of the regular budget.[35]

SAI France issues an annual report on the overall state of public finances – legally mandated since 2001- which covers central government finances, local finances, and social security. The report does not provide an opinion on consolidated financial statements but presents current financial data, analyzes trends, and offers policy recommendations. SAIs in Algeria, Costa Rica and Mexico have incorporated subnational data, including information on the implementation of local development plans,[36] and subnational debt.

Emerging fiscal risks

SAIs are also examining emerging fiscal risks and trends in public financial management such as liabilities related to civil service pensions –the largest component of public sector liabilities. In 2024, the Office of the Auditor General of Uganda undertook a comprehensive review of government pension obligations, covering nearly the entire public service.[37] This analysis assessed the overall pension bill, including forecasting and budgeting for pension expenditures, the accuracy of reported pension liabilities, and the potential overstatement of current spending levels. It evaluated the long-term sustainability of the pension system and the capacity to meet future pension commitments to identify potential fiscal stress and inform early policy interventions to safeguard future pension benefits.

Agile audit methods

In response to fiscal challenges posed by the COVID-19 pandemic, several SAIs, including those of Brazil, Germany and Indonesia, adopted agile audit approaches to enhance transparency, support legislative oversight, and ensure accountability in the management of emergency funds and economic recovery measures.

SAI Germany implemented real-time audit techniques to deliver timely insights to the legislature, enabling the identification of significant fiscal risks associated with the government's pandemic response. This work provided critical analysis of the medium and long-term sustainability of the national budget.[38] SAI Indonesia conducted a comprehensive audit of the COVID-19 Response and National Economy Recovery programme, covering six areas: economic and financial impacts, budget reallocations, fiscal, and monetary stimulus measures, emergency procurement, health management and social protection. The holistic audit approach allowed for a comprehensive evaluation of the government's actions and their effectiveness.

Assessment frameworks and data analytics

SAIs apply a range of assessments to evaluate various aspects of public finance. SAI Peru applied the PEFA framework to assess the credibility of public spending in Peru during the 2019-2021period.[39] Others have adopted international standards and tools, such as the UNCTAD principles on public debt management, DeMPA, and the Polakova matrix for contingent liabilities.[40]

Some assessment frameworks have been designed to support audit work and complement traditional audit methodology. The Public Financial Management (PFM) reporting framework, developed by AFROSAI-E in partnership with GIZ, enables auditors to assess the performance of PFM processes across the budget cycle and verify the alignment of the PFM system with the SDGs.[41] Since 2018, the framework has been applied in 15 countries across Africa, Europe, and Latin America.[42] SAIs such as the Auditor General of Kenya have institutionalized the framework within their audit process and systems.[43] SAI Zambia has combined it with annual financial audits and complemented it with interviews and document reviews for more comprehensive and reliable audit evidence.[44]

SAIs have increasingly adopted machine learning and data analytics, including artificial intelligence (AI), to strengthen public finance oversight (see Box 3.6). SAI Austria and the U.S. GAO have employed advanced modeling, foresight and open visualization tools to assess fiscal sustainability and improve communication with stakeholders. The Austrian Court of Audit developed an interactive platform displaying federal assets and borrowed funds,[45] while the U.S. GAO launched an interactive web-based tool with its 2021 fiscal health report. This tool enables users to simulate debt-to-GDP trajectories under various assumptions and explore the fiscal adjustments required to meet different fiscal targets.[46]

SAI Brazil has developed an artificial intelligence (AI)-enabled methodology for real-time monitoring of short-term internal debt auctions. This approach assesses auction competitiveness, providing immediate insights that complement semi-annual reviews. These reviews verify regulatory compliance using the Central Bank's databases, analyze financial volumes, and benchmark auction performance against international standards.[47] The AI system also supports predictive monitoring of the dealer mechanism, enabling early detection of potential inefficiencies or irregularities. This methodology was first applied in an audit approved in Mach 2025, marking a significant milestone in the integration of advanced technologies into public financial oversight.[48]

However, the use of AI and other advanced data analytics tools also comes with potential risks for public finance auditing, such as biases in data, possible misuse or abuse of data, and the need for stringent data governance to ensure ethical and responsible use.

BOX 3.6 | Using data analytics in auditing PFM performance and public debt

SAI Indonesia has used big data analytics for analyzing and comparing the planning and budgeting systems; the data on social grant recipients in the payment system with the master database of recipients; recipient databases from different programs and ministries to determine eligibility of government social grant programs; and government budget behavior over time.

SAI China uses data analytics in its audits of public debt at the subnational level.

SAI Brazil has conducted a study to identify how to automatize audit work related to public finance.

Source: NAO, Presentation at the annual meeting of the WGPD (2024); UNDESA and IBP (2023, chapter 4); Interview conducted for the WPSR 2025.

Recent innovations in public finance auditing reflect a shift toward more integrated, agile, and technology-driven approaches. SAIs are expanding whole-of-government analyses, and addressing emerging fiscal risks such as pension liabilities. Agile methods and real-time audits have enhanced responsiveness during crises, while data analytics—including AI—is improving audit precision and transparency. These developments mark a significant evolution in public finance oversight, enabling SAIs to provide deeper insights, strengthen fiscal accountability, and support long-term sustainability. Looking ahead, SAIs will need to balance technological innovation with robust safeguards to ensure that advanced tools deliver reliable, unbiased, and actionable insights for fiscal resilience.

3.3.4 Stakeholders involved

SAIs increasingly recognize that strategic engagement with stakeholders – particularly parliaments, civil society and the public- is essential to enhance the impact of public finance audits. Stakeholders play a multifaceted role – they generate demand for audits, contribute throughout the audit process and use audit findings to promote fiscal transparency and accountability. Section 3.7 explores examples of how stakeholder engagement has amplified audit impact.

Recent budget reforms in many countries have aimed to strengthen budget accountability by enhancing the role of parliaments, building oversight capacity, and expanding opportunities for citizen participation in the budget process. However, persistent challenges such as limited mandates of accountability institutions, resource constraints, and broader governance issues continue to affect the effectiveness of both parliaments and SAIs.[49]

Parliaments are primary users of audit information and central for holding governments accountable on fiscal matters.[50] SAIs contribute to legislative budget deliberations by providing evidence-based analysis. In the Philippines, legislators frequently reference audit reports as benchmarks during budget deliberations.[51] In Kenya, the Auditor-General presents analysis to the Budget and Appropriations Committee following the release of the Budget Policy Statement, comparing past execution outcomes and assessing fiscal forecasting reliability and underlying budget assumptions.[52]

In some jurisdictions, SAIs serve in advisory roles. SAI New Zealand provides informal input during legislative reviews of public entity performance.[53] In Canada, the Office of the Auditor General has developed guidance to assist legislators in scrutinizing public expenditures.[54] In Uganda, the Office of the Auditor General actively engages with legislators to improve understanding of audit findings,[55] strengthening parliamentary oversight and accountability in public financial management.

Engagement between SAIs and Public Accounts Committees (PAC) varies widely, depending on differing institutional contexts and governance frameworks. In some countries such as the Maldives and Uganda, collaboration is well established, while other countries, such as Argentina, face challenges in fostering effective cooperation. SAIs in countries like the Philippines have identified the need to strengthen PAC engagement to improve audit impact.

Beyond PACs, SAIs increasingly interact with legislators through various institutional channels and committees,[56] providing additional opportunities to inform policy discussions and reinforce fiscal accountability. However, challenges remain. These include frequent legislative turnover, which disrupts continuity and institutional memory; the influence of political agendas, which can undermine objective fiscal oversight; and limited attention to audit findings during legislative hearings.[57] Such constraints reduce the influence of audit work on policymaking[58] and underscore the need for sustained engagement to raise awareness of the value of public finance audits.

Despite these challenges, SAIs generally perceive that parliaments recognize their institutional role as key intermediaries between the executive and legislative branches. Efforts to strengthen parliamentary engagement in regions such as the Pacific are highlighted in Box 3.7.

Beyond parliaments, SAIs increasingly collaborate with other public finance institutions, such as Independent Fiscal Institutions (IFIs) as well as national experts to enhance audit quality and institutional capacity.[59] . For example, SAI Brazil and the national IFI exchange information and reports, while other SAIs engage with national experts to deliver specialized training.

Innovative practices are also emerging in how SAIs engage with audited entities. SAI Costa Rica, for example, has worked closely with internal oversight units, organizing workshops, administering questionnaires, and conducting interviews to strengthen monitoring of public debt management and municipal debt.

Citizen and civil society engagement is gaining traction to increase the relevance and impact of public finance audits. In SIDS, the smaller scale of governance allows auditors to be more responsive to public concerns.[60] SAI Maldives, for example, collects public input and monitors the media for citizen feedback.[61] In Guam, the SAI has developed a citizen-centric reporting system to enhance transparency and accessibility.[62] Additional examples of citizen engagement and its role in strengthening audit impact are discussed in section 3.7.

BOX 3.7 | Strengthening engagement with parliaments on public finance oversight in the Pacific

Cook Islands: In 2021, government ministries were not reporting to parliament through annual reports as required and the SAI often obtained the financial statements beyond the mandate deadline. In addition, the SAI lacked staff capacity to complete timely audits. The SAI efforts to clear the backlog prevented it from proactively engaging with stakeholders. However, as parliament modernized its standing orders in 2023 and the PAC was reestablished in 2024, the PAC started seeking the advice of the SAI in performing its oversight functions.

Tonga: The Auditor-General for Tonga is a Member of the PAC with no casting vote. In this role, she assists other members to familiarize themselves with practices and procedures on issues that are regularly raised in the Parliament concerning budget oversight and helping to understand the contents of prior annual Public Accounts audit reports.

Tuvalu: While not a member, the Auditor-General has an advisory role and brings to the attention of the PAC the findings of prior audit reports and their consequences for management of the country's budget.

Solomon Islands: The Auditor General acts as Secretary to the PAC under the Standing Orders of the Parliament. The PAC process for scrutinizing budget submissions involves hearings over a seven-day period before the budget is submitted to Parliament for consideration. This timeframe also provides an opportunity to review the Auditor General's reports already submitted to Parliament including the audit of the previous year's financial statements.

Source: Claire Kelly, "Synthesis of findings-Pacific SAIs" consultant report for UNDESA-IBP budget credibility (2022). D. Wildin, "Big impact, small island SAI. International Journal of Government Auditing: The Unique Challenges and Resiliency of Small Islands," INTOSAI Journal Small Island Challenges and Resilience (Q1 2024), available at INTOSAI Journal Small Island Challenges and Resilience Q1 2024

3.4 Challenges and opportunities for strengthening fiscal systems through external audits

Supreme audit institutions face a range of common challenges—both internal and external—in the audit of public finances. At the same time, auditors recognize opportunities to enhance the scope, relevance, and impact of their work. Table 3.1 provides a summary of key challenges and opportunities in this area.

TABLE 3.1 | Challenges and opportunities for strengthening fiscal systems through public finance audits

Challenges	Opportunities
Internal • Limited mandate • Siloed organizational structure • Setting specialized teams • Varying capacities, skills, resources and experience • Combining information from various audit practices • Lack of customized assessment frameworks • Difficulties discerning effects on government performance and national development priorities • Ensuring timeliness of audits • Reporting on results to state institutions and the public • Communication of audit results	**Internal** • Mandate • Methodological resources • Peer support • Documentation of good practices • Expertise in public finance working in government • Ongoing learning
External • Lack of executive leadership • Changing political landscape and political factors • Access to public finance information • Integration and timeliness of public finance information • Weak internal oversight of government entities • Limited awareness of legislators and government entities • Lack of synergies/collaboration among public finance stakeholders • Asymmetries in the accountability ecosystem	**External** • Improvements in budget information and data • Interest from stakeholders • Developments in ICTs and data analytics • International collaboration among SAIs and with stakeholders • Recognition of SAIs' role • Incentives from challenging public finance contexts

Source: Based on research conducted for the WPSR 2025.

SAIs face persistent internal and external challenges that affect the timeliness, relevance and impact of public finance audits. Internally, limited institutional capacity, resource constraints, high staff turnover and organizational structures that limit mentoring and access to knowledge and technical expertise, especially when compared to government counterparts,[63] undermine efforts to build capacity and retain specialized expertise.[64] These gaps make it difficult for SAIs to meet growing demands for comprehensive fiscal oversight and deliver concise, timely and policy-relevant audit reports - particularly on whole of government financial reporting and fiscal sustainability – aligned with legislative needs.[65]

Externally, limited availability and access to timely, complete, and reliable financial data —often shaped by weak transparency frameworks and restrictive SAIs' mandates - constrain audit scope and quality, and undermine audit findings. For example, data from the Open Budget Survey 2023 shows that only 57 per cent of 117 evaluated countries provide information on their total debt burden, and just 24 per cent provide fiscal sustainability information.[66] Political factors, including the evolving balance of power between executive and legislative, political interference, and delays in legislative review of audit reports on budget execution or public debt, further undermine the effectiveness of public finance audits. Moreover, poor coordination among public finance stakeholders and weak internal oversight and technical capabilities within audited entities hinder effective audit engagement.

Despite these constraints, SAIs are leveraging opportunities to strengthen fiscal oversight. Advances in data analytics, ICTs and digital transformation enable deeper analysis of cross-cutting issues and more comprehensive audit opinions for stakeholders.[67] SAIs can proactively engage in data acquisition, including securing access to data in analyzable formats and leveraging rigorous analytical methodologies. Doing so not only enhances the credibility of audit findings but also strengthens SAIs' institutional capacity to contribute to fiscal oversight.[68]

Performance auditing in public finance remains relatively new in many contexts[69] and requires sustained dialogue with government counterparts to build trust and foster a shared understanding of its value. Aligning audits with the budget cycle or fiscal year and enhancing parliamentary awareness of performance auditing on public finance are critical to strengthening fiscal accountability.[70]

Strengthening collaboration between public finance auditors and other audit domains is also essential to amplify audit impact. Auditors highlight a critical gap in the "understanding of the budget as an instrument of public policy." Bridging this gap calls for tools such as budget markers to monitor allocations and expenditures for key policy areas, including climate change.[71] Many countries are advancing in this regard. For example, Brazil has introduced a substantial number of markers in the federal budget.[72]

International collaboration and exposure to peer practices play a critical role to strengthen SAI institutional capacity.[73] Auditors underscore the role of the WGPD as a "safe space" for SAIs to share knowledge, exchange experiences and learn from one another.[74] It facilitates peer learning and methodological harmonization, supports access to specialized international expertise,[75] and enables training on emerging public financial issues such as contingent liabilities, climate-related debt risks, and debt transparency.[76] To sustain progress, SAIs emphasize the need to develop competency frameworks, targeted training, and adopting tools and methods that help identify the root causes of recurring audit findings, leading to more informed and actionable audit recommendations.[77]

Looking ahead, SAIs can balance innovation with capacity development and proactive engagement to overcome internal and external barriers. By investing in technology, strengthening collaboration, and improving data access, SAIs can deliver timely, relevant, and impactful audits that reinforce fiscal transparency and accountability—ultimately enhancing their role as key actors in public financial governance.

3.5 Auditing public finance: Key findings and recommendations

Audits findings on public finance reveal a mixed picture of progress and persistent challenges in public financial management. Based on the analysis of audit reports reviewed for this chapter, this section synthesizes the most commonly identified findings and corresponding recommendations, while also highlighting good practices. Additional illustrative examples and recommendations are presented in section 3.6 and 3.7.

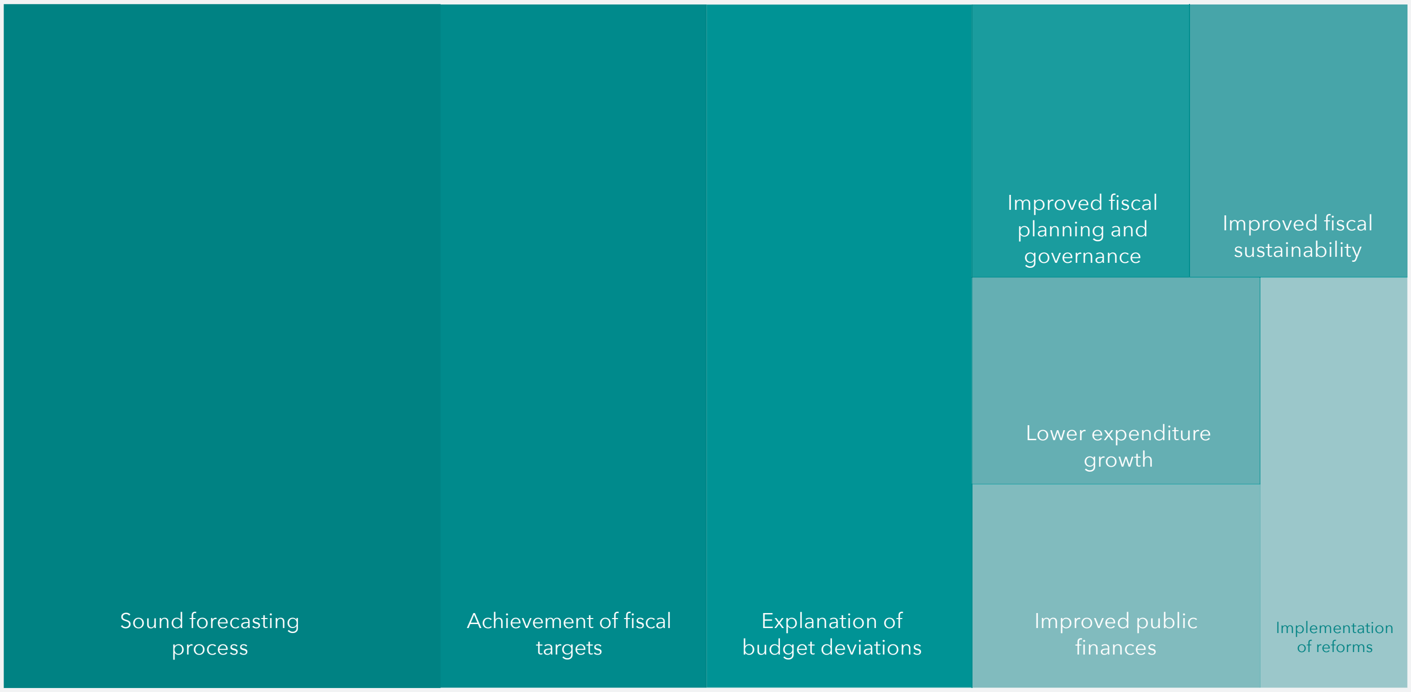
3.5.1 Strengths in public financial management and public debt identified in external audits

Audit reports reveal positive developments in public financial management (PFM), particularly in areas such as budget execution, forecasting, and public debt management. Despite these advancements, the reports more frequently highlight weaknesses than strengths across the sample reviewed.

Figure 3.7 presents key strengths in PFM and budgeting. These include the use of robust and reliable forecasting methodologies, consistent achievement of fiscal targets, and well-substantiated explanations for budget deviations. Several SAIs also observed improvements in fiscal planning and long-term fiscal sustainability. For example, the National Audit Office of Finland (2018) highlighted the independence, reliability and comprehensiveness of fiscal forecasts, while also identifying gaps in monitoring vis-à-vis the European Union requirements. Similarly, the U.K. National Audit Office reported the use of sound economic and fiscal assumptions, and Jamaica's SAI recognized the adequacy of justifications for budget deviations during the 2023-25 period.

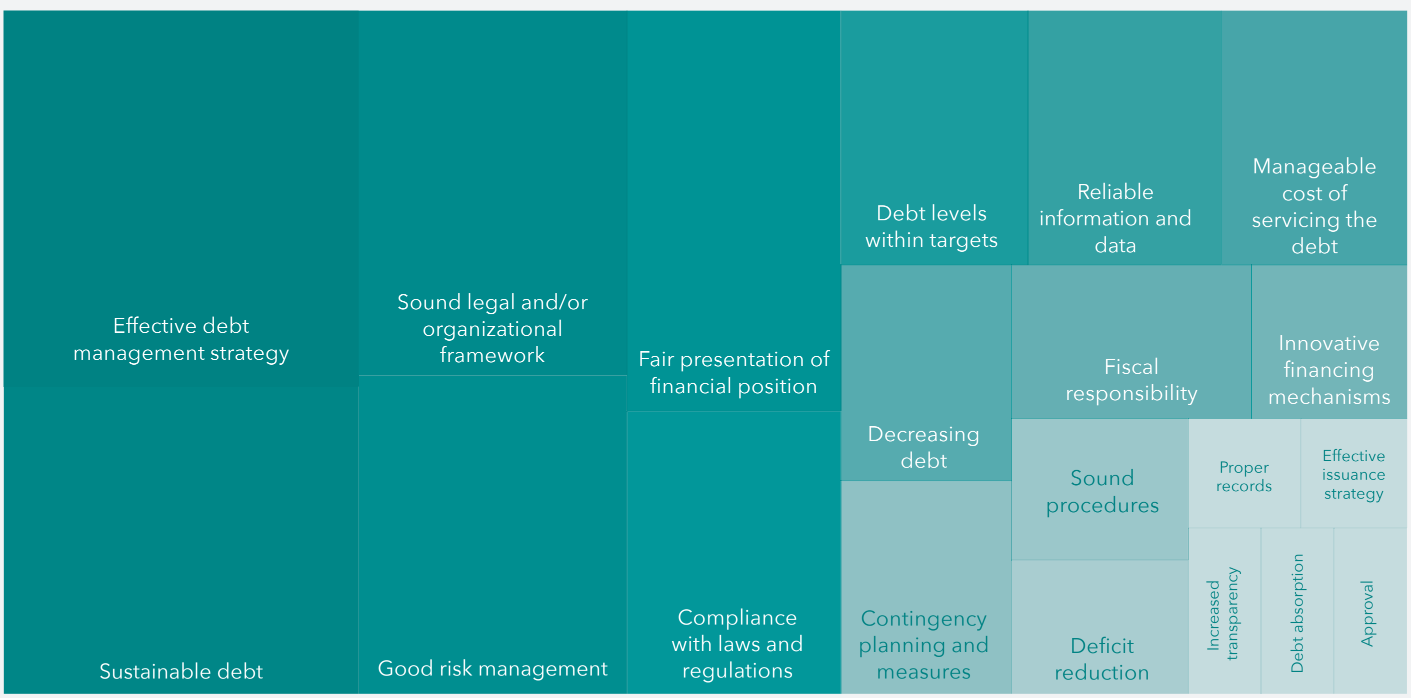
Figure 3.8 outlines strengths in public debt management based on an analysis of 126 audit reports. These strengths include effective debt management strategies, the establishment of sound legal and institutional frameworks, improvements in debt sustainability, and the development of robust risk management systems.

FIGURE 3.7 | Strengths related to public financial management and budget credibility



Source: 80 audit reports. Number of observations is 16.

FIGURE 3.8 | Strengths related to public debt management



Source: 126 audit reports. The number of observations is 79.

Reports from developed economies tended to emphasize institutional resilience, while those from developing countries focused on compliance with legal and regulatory frameworks, accurate financial reporting, and progress in sustainability. In Finland and the UK, SAIs reported that debt management strategies were well-established and resilient, performing effectively even during economic crises. SAI Korea highlighted the accuracy of interest cost projections and treasury bond operations, which contributed to effective risk management and long-term fiscal sustainability. In Kenya, the SAI reported reforms aimed at strengthening public debt management, including the establishment of legislative oversight and an advisory role for the Public Debt Management Office to anchor debt limits in sustainability.

3.5.2 Opportunities for improving public finance and debt management

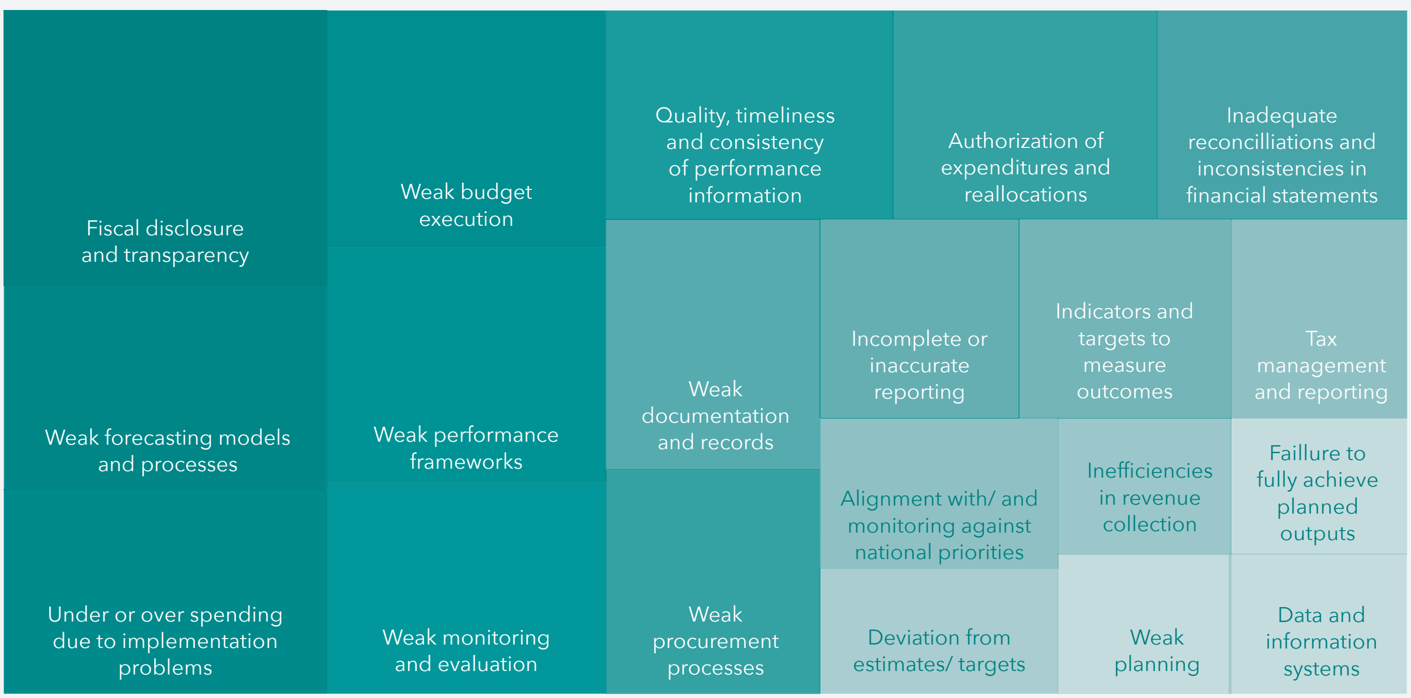
Audit reports consistently highlight recurring challenges in public financial management. Beyond identifying these issues, SAIs often investigate their root causes and assess their resulting implications, offering a more comprehensive understanding of underlying governance and operational weaknesses.

Public finance and budgeting

Audit reports reviewed for this chapter identify persistent and systemic weaknesses in PFM, particularly in budget execution and fiscal transparency and oversight. Of the 187 total audit findings, a significant proportion - 38 per cent - relates to budget execution, while 26 per cent concern limitations in fiscal transparency and oversight. These issues encompass a range of deficiencies, including procurement problems, unauthorized expenditures or reallocations, and inefficiencies in budget execution that result in either over or underspending.

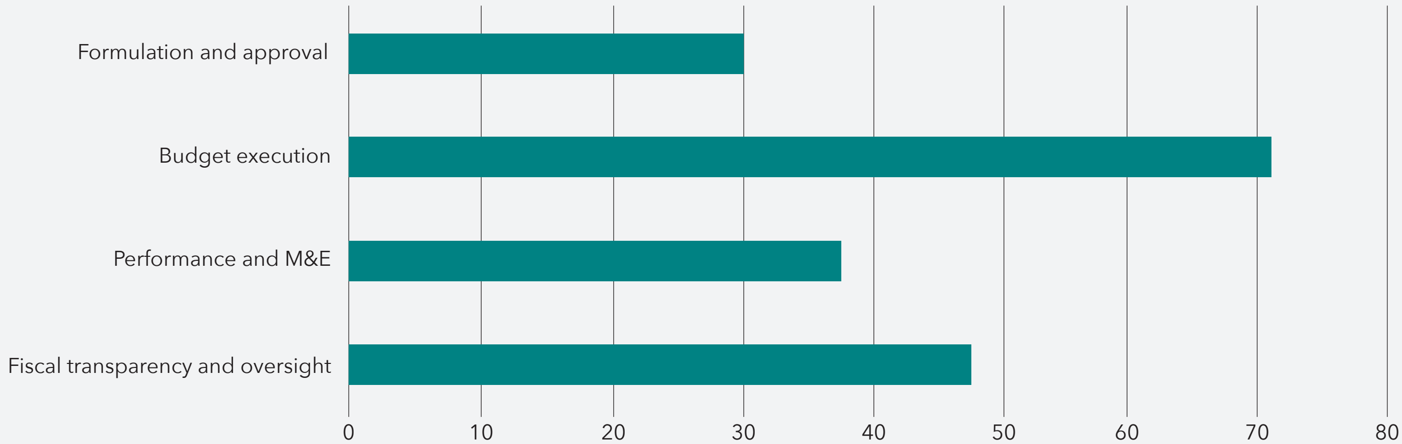
In addition to execution-related concerns, audits frequently highlight shortcomings in fiscal disclosure, records management and the reliability of financial information. Weak forecasting models and inadequate performance frameworks are among the most commonly reported challenges in budget planning and monitoring. Figures 3.9 and 3.10 provide an overview of the most recurrent issues and their manifestation across different stages of the budget cycle.

FIGURE 3.9 | Top twenty categories of limitations related to PFM and budgeting



Source: 80 audit reports. Number of observations is 187 findings.

FIGURE 3.10 | Audit findings along the budget cycle



Source: 80 audit reports. Number of observations is 187 findings.

SAIs consistently link budget execution failures to limited managerial capacities, inaccurate cost and expenditure estimates, poor timing of spending, inadequate generation and management of performance information, and weak internal oversight.[78] These risks are compounded by insufficient documentation, unjustified spending, and non-compliance with legal and regulatory frameworks. For example, in Portugal, the SAI found that the Ministry of Finance attempted to control overall expenditures by underbudgeting for key sectors such as education and health, and centralizing appropriations. This approach led to frequent reallocations, increased red tape, payment delays, and recurring arrears. In Ghana, a 2018 audit revealed that entities with zero budget lines had appropriated funds, drawn from supplementary or contingency budgets, bypassing the integrated financial management system and increasing the risk of budget overruns and reduced transparency.

Delays in the timing of spending further exacerbate execution risks. In the Philippines, the Commission on Audit identified significant delays in authorizing local government entities to incur obligations under the local government support fund, which hindered the timely implementation of priority projects, potentially depriving local communities of essential benefits. Similarly, SAI Tanzania reported lapses in expenditure management that resulted in non-compliance with budgetary and fiscal legislation. In the United States, the GAO (2017) noted that budget uncertainties –stemming from continuing resolutions, lapses in appropriations, and sequestration– led agencies to limit early-year spending, creating risks of both over-obligating and under-obligating of funds.

Procurement processes remain a critical area of concern. SAIs frequently report delays in procurement, non-compliance with procurement regulations, limited transparency, and inadequate mechanisms for assessing the provision and use of procured goods and services. These shortcomings often result in deviations from planned budget allocations, deficient project implementation and ultimately ineffective service delivery. In Ghana, audits revealed lack of evidence for completed works and unused goods, attributed to procedural failures and poor coordination between government entities.

Execution-related risks also emerge within specific sectors and programmes. In Costa Rica, audits conducted between 2017 and 2018 uncovered systemic issues in human resources management within the Ministry of Education, which contributed to overpayments. A subsequent audit in 2019 found underspending on salaries, although the exact amount could not be determined due to inconsistencies between the national social security system and the Ministry's human resources information system.

Broader systemic challenges further undermine budget execution. Weak institutional coordination, resource constraints, and limited training in public administration hinder effective budget execution at both the entity and programme levels. The Commission on Audit of the Philippines underscored the importance of inter-agency coordination in minimizing planning deficiencies, particularly in cross-sectoral programmes and projects[79] (see the example of Portugal in Box 3.14).

Challenges related to information systems and fiscal disclosure continue to affect the integrity of budget processes. Across 23 reports from 11 countries, 31 findings point to issues with information and data accuracy and consistency. In Indonesia, the use of three separate monitoring and evaluation systems for budget execution and planning under the performance-based budgeting framework led to inconsistencies between budget ceilings and actual expenditures, resulting in unreported national priority targets.[80] In Egypt, misclassification of budget information caused inaccuracies in budget statements.[81]

SAIs underscore the inadequacy of budget execution reports, which often lack the detailed and complete information necessary for stakeholders to assess performance and understand deviations. In Georgia, the SAI found that budget execution reports did not provide complete information to evaluate whether planned outcomes were achieved or identify deviations from plans. In the U.K., the National Audit Office noted that, despite improvements, the whole-of-government accounts still lacked critical details - particularly in areas such as procurement - that are essential for a comprehensive assessment of public finances.

SAIs have identified persistent weaknesses in the use of performance information and indicators, with 21 findings across 13 reports from eight countries. These limitations are closely linked to broader deficiencies in budgetary performance frameworks, particularly the misalignment between planning, execution, and outcomes. In countries such as New Zealand and South Korea, audits revealed that government entities often lack coherent frameworks to connect annual outputs with long-term objectives. Where performance indicators are in place, they are frequently found to be unreliable or poorly defined.

A broader set of SAIs, including those in Argentina, Colombia, Costa Rica, Georgia, Ghana, the Netherlands, the Philippines, Uganda, the U.K. and the U.S., have examined mechanisms for capturing performance during budget planning and execution. Their findings point to systemic gaps that undermine effective monitoring and evaluation, limiting the ability of governments to assess the impact of public spending.

Similar concerns have emerged in other contexts, including LDCs (see the case of Uganda in section 3.6). For example, in Indonesia, audits revealed that unreliable beneficiary data and underutilized information systems have led to delays and inefficiencies in social programme disbursements. These shortcomings have contributed to deviations from planned budgets and undermined the achievement of intended programme outcomes.[82]

Public debt management

Audit reports reviewed for this chapter reveal persistent limitations in public debt management, including rising debt levels, sustainability concerns, inadequate reporting and records management and weaknesses in transparency and institutional frameworks. These findings are summarized in figure 3.11, with figure 3.12 illustrating their occurrence across the public debt cycle.

FIGURE 3.11 | Top twenty categories of limitations related to public debt

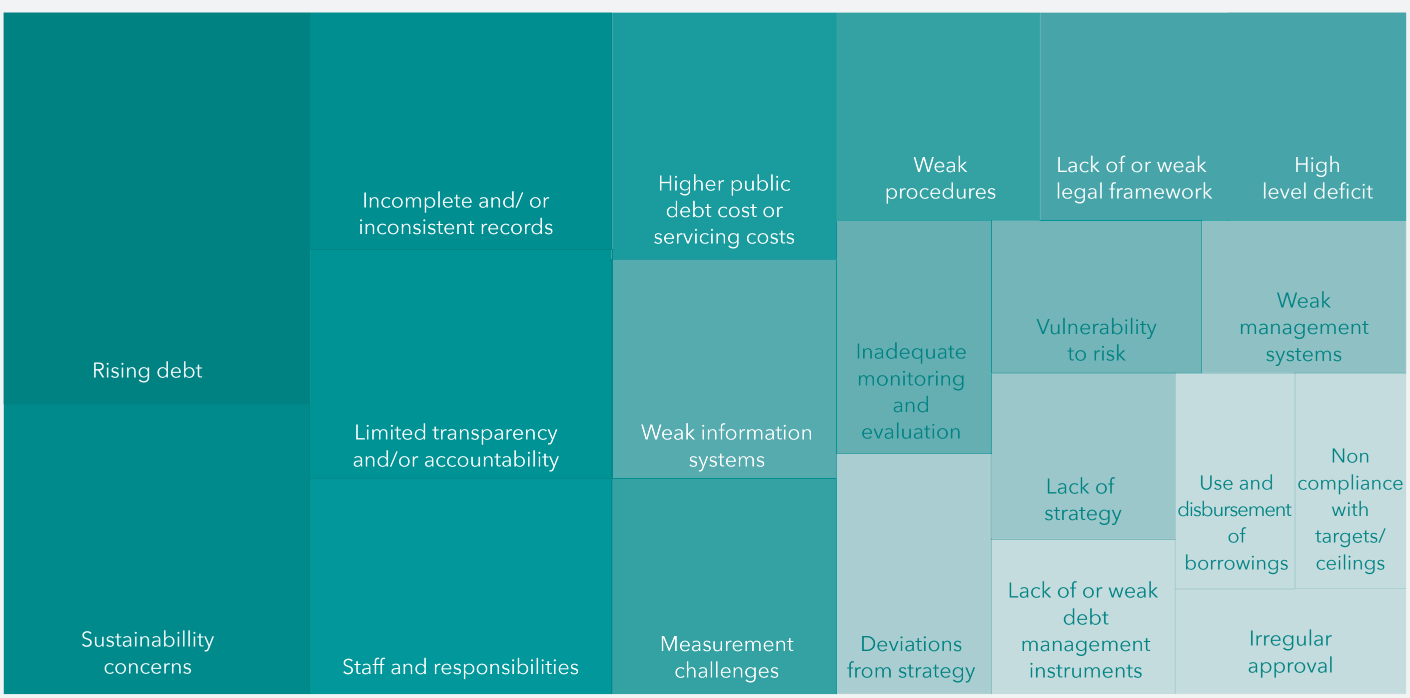
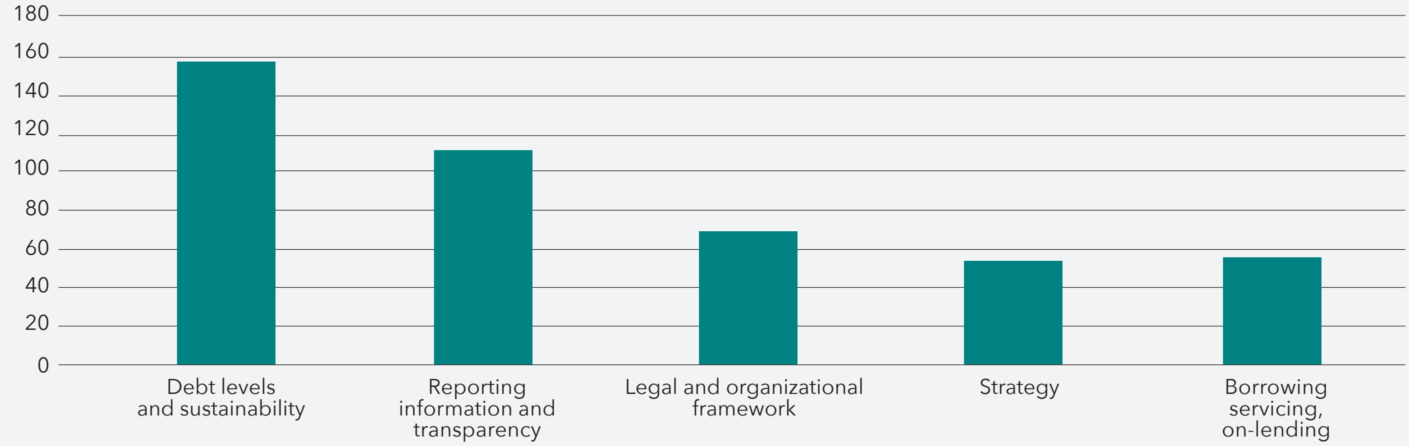


FIGURE 3.12 | Most commonly identified audit findings along the debt cycle



Source: 126 audit reports. The total number of observations is 545 findings, 448 findings in top twenty categories.

Concerns over debt levels and sustainability – accounting for 29 per cent of the 545 findings – are prevalent across both developed and developing economies. However, the nature of related challenges differs significantly. In developing economies, SAIs frequently report deficiencies in record-keeping, unclear roles and responsibilities, limited transparency, and inadequate legal frameworks. By contrast, SAIs in developed economies tend to focus on structural drivers of indebtedness, such as persistent deficits and vulnerability to interest rate volatility.

Despite these contextual differences, a common challenge persists: accurately measuring public debt. Both groups of countries consistently highlight systemic challenges in debt data quality and reporting mechanisms, which hinder effective oversight and risk management.

Legal and institutional arrangements

A notable share of audit findings - 69 out of 545, or approximately 13 per cent – highlight deficiencies in legal and institutional arrangements governing public debt management. These limitations are consistent with those reported in similar assessments,[83] and reflect systemic problems that undermine effectiveness and accountability.

SAIs frequently report unclear definition of institutional roles, frequent staff turnover, and shortages of qualified personnel. Across 18 reports from 12 countries and two cooperative audits, 30 findings point to staffing issues, while 20 findings across 16 reports refer to the absence of procedural manuals and inadequate operational procedures. These institutional gaps negatively impact operational efficiency, quality control and reporting processes, leading to poor coordination and limited accountability. For example, the SAI of Cyprus found that limited staffing in the Public Debt Management Office impeded the effective segregation of duties, resulting in insufficient quality control procedures.

Insufficient staff capacity and technical expertise further constrain critical functions such as data analysis, reporting and information systems management. The lack of standardized procedures, documentation and procedural manuals contributes to inconsistent practices in borrowing, contracting, and on-lending activities. In North Macedonia, the SAI raised concerns about the sustainability of debt management outcomes due to understaffing and emphasized the need for policies to attract and retain qualified personnel.

Legal framework deficiencies – identified in 19 findings across 16 reports and one cooperative audit- include the absence of comprehensive legislation, vague or inconsistent definitions of public debt, and ambiguous allocation of authority. These gaps undermine the development of effective debt strategies and plans. For example, SAI India (2016) found that the existing legal framework lacked a definition of public debt, did not specify borrowing objectives, and failed to mandate the development of a debt management strategy. Collectively, these legal and institutional weaknesses compromise the transparency, accountability, and strategic coherence of public debt management systems.

Transparency, reporting and information systems

Audits consistently report systemic weaknesses in transparency, reporting, and information systems in public debt management. Of the 545 total findings, 112 - approximately 20 per cent- relate to deficiencies in the quality and availability of debt-related data. These issues often stem from incomplete or inconsistent reporting, as well as the absence or the inadequacy of databases and information systems. SAIs frequently observed that debt statistics are either not published or, when available, lack sufficient detail, relevance or timeliness. For instance, an audit in Finland underscored the challenges in ensuring the reliability of fiscal statistics (see Box 3.8).

Problems with information systems and records management were identified in 58 findings across 32 audit reports from 16 countries and two cooperative audits. These findings point to inaccurate and incomplete records, as well as poor interoperability and integration of records and data systems used by different entities responsible for debt recording. In many cases, debt information systems operate in isolation from broader public administration systems, limiting their effectiveness. The SAI of the Philippines, for example, emphasized the need for consistency in the presentation of public sector fiscal data, which is critical for sound fiscal and budgetary policy. The audit revealed discrepancies in reported data, unreconciled differences between accounting records and reports from various entities, and delays in publishing fiscal information.

Beyond technical shortcomings, audit reports also reveal broader concerns about transparency and oversight. In some instances, borrowing is not fully disclosed in budget documents and financial statements, circumventing legislative oversight. A notable example from Sri Lanka (2018) showed that significant amounts of public debt were omitted from financial statements, resulting in incomplete disclosure and undermining debt transparency and accountability.

SAIs have also emphasized the importance of integrating debt management into the budget process. The General Comptroller of Costa Rica reported that the 2022 year-end accounts failed to uphold the budgetary principles of universality and integrity, as the approved budget did not reflect all externally contracted resources. This omission compromised both budgetary and political oversight, and negatively affected the quality of financial information, which is essential for informed decision-making and transparent public financial management.

Management strategy

Audit findings across multiple countries show persistent gaps in the formulation and implementation of public debt management strategies. A key issue is the absence of legal mandates requiring such strategies, resulting in either their omission or the development of inadequate and poorly articulated plans. These shortcomings are evident not only at the national level, but also across entities and subnational levels, as highlighted by the SAI of Costa Rica, which reported a lack of strategic planning in debt management at both entity and local levels.

The implications of these gaps are significant. SAIs have linked the absence or weakness of debt strategies with rising debt levels, increased borrowing costs, and deteriorating debt sustainability. Even when strategies are in place, they are frequently unsupported by operational plans or policy frameworks necessary for effective implementation.

France's Cour des comptes has repeatedly emphasized the need for a coherent strategy to ensure sustainable public finances. In 2020 and 2022, it called for a clear roadmap to restore fiscal balance and significantly reduce debt-to-GDP ratios, advocating for a dual approach: promoting sustainable growth through investment and ecological transition, while exercising fiscal discipline to gradually reduce debt.

Audit reports also point to frequent deviations from existing strategies and failure to meet established targets. In Kenya, the SAI found repeated non-compliance with optimal debt management strategies between 2017 and 2022. The Federal Court of Accounts of Brazil identified significant discrepancies between current debt management practices and long-term objectives, particularly in management of floating debt, fixed-rate securities and debt maturity. Similarly, the SAI of the Maldives reported that borrowing in 2023 exceeded the established financing limits and fiscal consolidation measures were not implemented, thereby increasing fiscal and debt-related risks.

Borrowing, servicing and on-lending activities

SAIs have identified weaknesses across public borrowing, debt servicing and on-lending processes. Audits revealed non-compliance with loan terms, insufficient parliamentary oversight - particularly during emergency borrowing – and opaque reporting. For instance, SAI Argentina found it difficult to distinguish between debt instruments authorized by budget law and those approved through emergency decrees, raising concerns of legislative accountability.[84]

Findings related to debt servicing highlighted challenges in monitoring and record-keeping and delays in fulfilling obligations. SAI Kenya reported significant delays due to legal and procedural bottlenecks (such as late issuance of legal opinions, delays in counterpart financing, and protracted processes for non-objection approvals), resulting in high commitment fees. SAI Uganda similarly highlighted financial losses from unused loans.

BOX 3.8 | Auditing fiscal statistics in Finland

In 2022, the National Audit Office of Finland assessed the reliability of the country's fiscal statistics. The audit focused on data quality, assurance processes and the governance structures overseeing statistical production.

The audit found that while Finland's fiscal statistics were generally reliable and provided a solid foundation for fiscal policy and economic decision-making, there were opportunities for improving quality assurance. Many stakeholders assumed robust mechanisms existed at Statistics Finland, though they were insufficient or absent. The guidelines governing statistical production were found to be inconsistent and, in some cases, outdated. Moreover, Statistics Finland did not subject its processes to external review. The audit emphasized that quality assurance should not be left solely to Eurostat and called for a more proactive role from Statistics Finland.

The transfer of responsibility for collecting local government finance data from Statistics Finland to the State Treasury in 2021 introduced data quality issues. The new data model was broader and included information that had not been previously collected, making it difficult to compare current data with historical records. During the transition, the quality of data received by Statistics Finland declined, with some entities failing to submit required information or not adhering to the specified data model.

The audit also highlighted shortcomings in performance management at Statistics Finland. The performance management framework was misaligned with the independent nature of statistical work. Although the production of statistics is regulated and monitored at the EU level—with penalties for serious non-compliance—the audit stressed the importance of ensuring that sufficient resources are allocated to support high-quality statistical outputs.

Key recommendations included strengthening internal quality assurance processes and improving transparency to allow third parties to assess the quality of fiscal statistics. The audit urged the Ministry of Finance to ensure that comprehensive statistics are produced from the data collected by the State Treasury, including future data from wellbeing services counties. Finally, the Ministry was advised to evaluate the financial implications of reforms proactively and to plan for monitoring their implementation.

Source: National Audit Office of Finland (2022)

Audit reports have also revealed several constraints affecting on-lending activities, including weak risk assessments, poor monitoring, and deficiencies in on-lending policy documentation. For example, SAI Kenya's audit of the Kenya Climate Smart Agriculture Project (KCSAP) found planning failures, lack of feasibility studies, and insufficient oversight, increasing financial and implementation risks.

These findings underscore the need for stronger governance, clearer authorization processes, and improved project planning and monitoring to mitigate fiscal risks.

3.5.3 Recommendations to strengthen public finance and debt management found in audit reports

Public finance and budgeting

Audit recommendations related to public finance and budgeting consistently call for more transparent, accountable and performance-oriented fiscal management. SAIs emphasize clearer reporting on measures to achieve deficit reduction targets (e.g., U.S. GAO), explanations for deviations from approved budgets (e.g., Maldives) and the fiscal impact of major policy decisions such as spending cuts and tax increases (e.g., Netherlands). For example, the Netherlands Court of Audit has urged greater clarity on the financial and social impacts of major policy measures, particularly during economic crisis, to inform future policymaking. Digital tools are frequently highlighted as critical enablers for improving the quality, accessibility, and timeliness of fiscal reporting.

SAIs also stress the need to align budgeting with policy objectives and service delivery outcomes by reinforcing performance frameworks that link financial allocations to measurable results. Notable examples include SAI Germany's recommendation to integrate sustainability considerations into budget planning, and SAI New Zealand's call for incorporating medium-term strategic goals into annual performance forecasts. SAI New Zealand also advocates for establishing robust performance standards based on historical or benchmark data to provide meaningful context for evaluating results.

Strengthening legislative oversight is another recurring theme. The Netherlands Court of Audit, for example, urged the Government to provide parliament with comprehensive and reliable information to assess the relationship between spending, policy objectives, and performance outcomes. Such transparency supports informed decision-making, enhances accountability, and promotes efficient use of public funds.

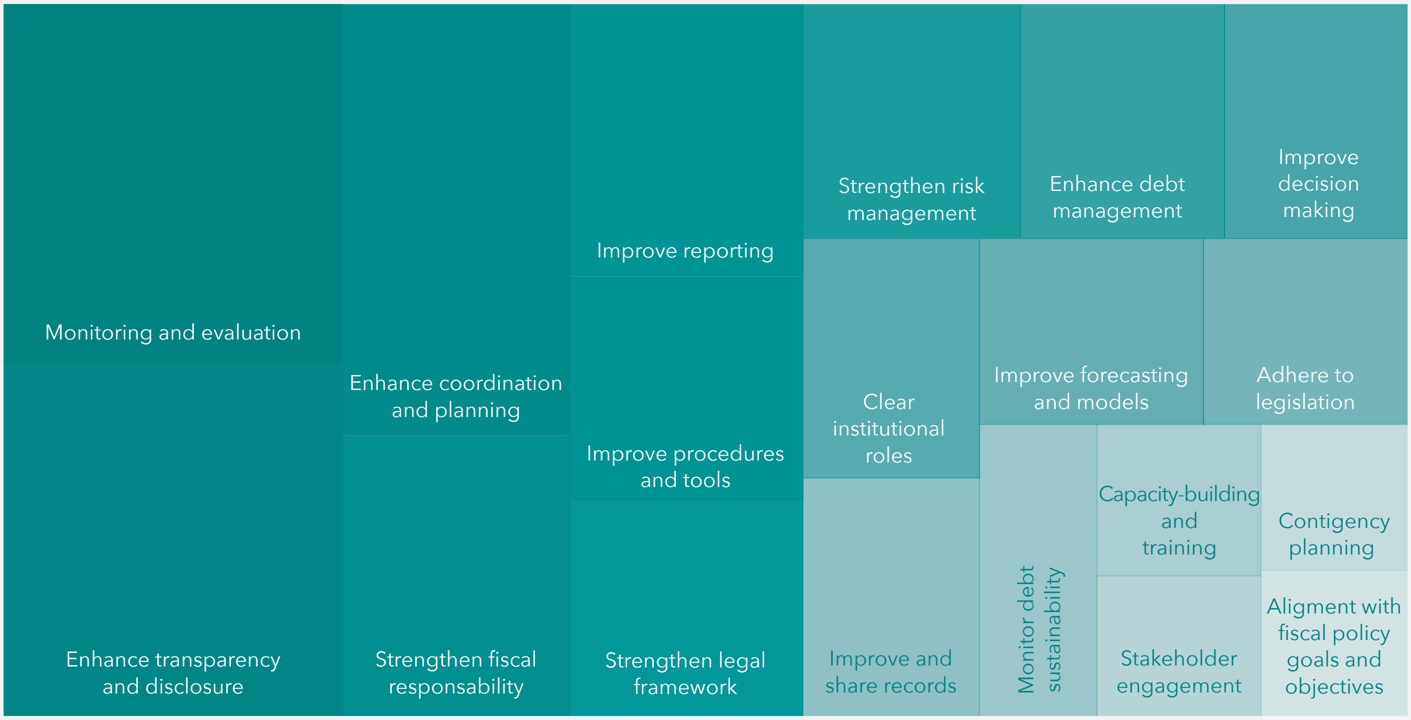
Finally, SAIs underscore the importance of long-term fiscal sustainability. Recommendations from SAIs in France, Germany and South Korea include undertaking structural reforms to reinforce fiscal resilience, addressing inefficiencies in public spending, such as unwarranted subsidies and ineffective programmes, and improving budget execution to strengthen public finances in line with broader economic commitments.

Public debt

Audit recommendations on public debt management consistently emphasize the need to strengthen monitoring, evaluation and transparency. These two areas emerged as the most frequently cited (both with 57 recommendations, across 40 reports from 23 countries and across 37 audits from 22 countries, respectively). This reflects widespread concerns about weak oversight mechanisms and limited accessibility of debt-related information. Other common recommendations address coordination and planning, fiscal responsibility, and the strengthening of legal frameworks and risk management systems. Collectively, these results point to a broader need to consolidate the legal and institutional foundations of public debt management (see figures 3.13 and 3.14).

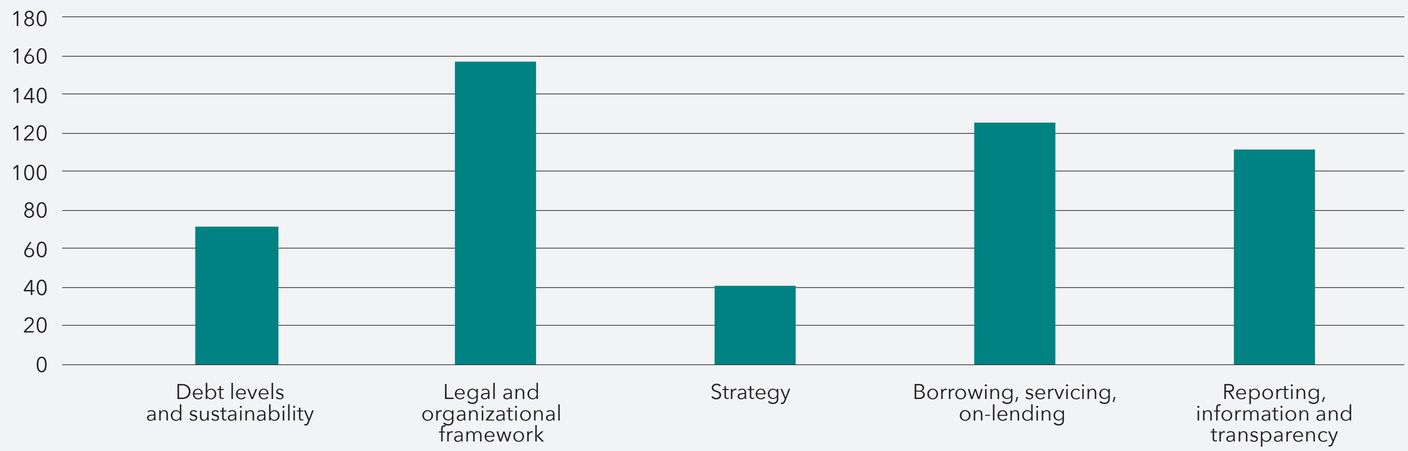
While calls for improved monitoring and transparency are common across both developed and developing economies, the focus of recommendations differs. SAIs in developed economies tend to prioritize enhancing coordination, strengthening budget processes and improving forecasting processes and risk management frameworks. In contrast, SAIs in developing economies more often stress clarifying institutional roles, improving procedures, and building basic systems for debt reporting, reflecting ongoing efforts to establish core governance structures and institutional capacity for effective debt management.

FIGURE 3.13 | Audit recommendations related to public debt



Source: 126 audit reports. Number of observations is 505.

FIGURE 3.14 | Audit recommendations along the public debt cycle



Source: 126 audit reports. Number of observations is 505.

Monitoring and evaluation are central to many audit recommendations, both at systemic level and within specific debt-related activities such as borrowing, servicing and on-lending. SAIs have called for more robust mechanisms for tracking and evaluating debt management strategies, improved information systems and periodic monitoring of project implementation. For example, SAI Brazil recommended enhanced tracking and forecasting debt-related metrics, while SAI Georgia emphasized the need for regular monitoring of public debt management information systems. Other SAIs, such as those in Morocco and the Seychelles, stressed the importance of periodic monitoring and accurate recording and reporting of debt transactions.

Transparency and disclosure are other recurring themes in audit recommendations on public debt.[85] Beyond technical improvements in the accuracy and consistency of records and the integration of information systems, SAIs have urged governments to ensure that debt information is clear, comprehensive and accessible to all stakeholders. For example, SAI Brazil, has repeatedly recommended the disclosure of clear, accessible, and detailed information regarding debt levels, associated costs, and potential risks. Similarly, the U.K. National Audit Office (NAO) has called for improved financial reporting that promotes transparency and meets the needs of both Parliament and taxpayers, including clear explanations of fiscal indicators and their implications to improve transparency and public understanding.[86]

SAIs from India, Georgia and Sri Lanka have also emphasized the importance of consistent and complete debt reporting across entities to ensure full disclosure of all public debt and assets derived from borrowing. SAI Peru took a broader perspective, advocating for the integration of the effects of economic contraction and policy measures into year-end accounts to contextualize public debt within the macroeconomic environment. These recommendations highlight the importance of transparency and accountability in building public trust and supporting informed fiscal policymaking.

To address weaknesses in public debt governance, SAIs consistently stress compliance with financial management legislation and clearer delimitation of institutional responsibilities. For example, SAIs in Argentina, Sri Lanka and Zambia have called for stronger adherence to existing legislation, with SAI Sri Lanka specifically recommending the assignment of distinct roles in debt management to improve oversight and accountability. Similarly, SAI Kenya emphasized the need to clarify institutional mandates, particularly in the development of annual borrowing plans, to support more coherent and coordinated debt management practices.

BOX 3.9 | Monitoring and evaluation of debt management framework in the U.K.

SAI UK recommended that the Treasury enhances its approach to measuring progress against debt management objectives by further developing both quantitative and qualitative evidence and aligning these assessments with performance metrics and monitoring frameworks for the Debt Management Office and National Savings & Investments, where appropriate. The SAI also advised the Treasury to periodically review the relevance and effectiveness of individual components of the debt management framework, as well as how these components work collectively. Additionally, the SAI recommended documenting lessons learned from instances where the framework had been tested under challenging conditions.

Source: National Audit Office of the United Kingdom, "Managing government borrowing" (London, UK NAO, 2023) available at https://www.nao.org.uk/reports/managing-government-borrowing/

Coordination and planning remain critical challenges. SAIs have called for comprehensive debt management strategies and plans and formal mechanisms to facilitate coordination and collaboration among government entities and stakeholders. SAI Kenya recommended a formal framework for collaboration among all stakeholders involved in debt-funded projects to help ensure efficient coordination during project planning and approval and minimize implementation delays. At the macro-fiscal level, the U.S. GAO has repeatedly urged Congress to adopt a long-term fiscal plan to address the federal government's unsustainable fiscal trajectory, emphasizing that sustainable fiscal policy requires public debt to grow no faster than the economy.

Risk management is a cornerstone of effective public debt management. SAIs advocate for institutionalized and proactive approaches to identifying and mitigating financial and debt-related risks. These efforts reflect a growing recognition of the importance of resilience and preparedness in public debt management. In Finland, the National Audit Office recommended establishing a formal risk management framework and strengthening institutional capacity to support effective risk management oversight and the continuity of risk-related activities over time. SAI Costa Rica recommended enhancing the completeness and functionality of risk matrices for state-owned enterprises, while SAI China called for early warning and emergency response mechanisms at the local level to manage fiscal vulnerabilities.

A notable development is the gradual integration of climate-related risks into public finance oversight. For instance, SAI Cyprus recommended integrating climate risk analysis into fiscal planning in collaboration with the national fiscal council to enable climate-informed fiscal oversight. Although SAIs in SIDS have yet to systematically integrate climate risk assessments into their public finance audits, there is growing awareness of the need of addressing climate risks, signaling a shift toward more climate-informed fiscal governance.[87]

3.6 Systemic risks and challenges in public financial management in SIDS and LDCs

SIDS and LDCs face unique vulnerabilities, including climate change impacts, external shocks, and limited resources, that constrain investment in sustainable development and SDG financing. These challenges contribute to rising debt levels and fiscal sustainability risks. External audits help identify structural constraints that undermine public financial management and public debt oversight, providing evidence to inform reforms and strengthen resilience.

Progress in debt sustainability has been evident in several LDCs. The Auditor General of Uganda (2024) attributed improvements in debt sustainability to enhanced fiscal management and economic growth, noting a stable debt-to-GDP ratio that mitigates the risk of unsustainable debt levels and strengthens the country's capacity to manage its debt burden.[88]

SAIs in SIDS and LDCs reported additional advancements, such as improved compliance with accounting standards in countries like Jamaica and the Maldives, adherence to debt targets in Jamaica, the establishment of sound legal frameworks for borrowing in Seychelles, and enhanced public debt reporting. For instance, the SAI of the Cook Islands concluded that increased availability of public debt information had bolstered government transparency and accountability, while revised debt repayment procedures supported timely and consistent debt servicing.

Despite these advancements, audits in these contexts consistently reveal systemic issues such as misalignment between national planning frameworks and budgetary processes, which create financing gaps and undermine effective allocation of resources for SDG implementation. SAIs in the Federated States of Micronesia, Tonga and Tuvalu have documented these gaps, with some SAIs undertaking joint and comprehensive audits to address these systemic issues.[89]

Beyond misalignment between planning and budgeting, SAIs have identified broader weaknesses in PFM systems, including unreliable forecasts, delayed budget approvals, off-budget expenditures, limited financial discipline, ineffective accounting, evaluation and reporting systems, and weak oversight. In Jamaica and Uganda, outdated or poorly structured forecasting processes have led to budget inefficiencies and compromised fiscal planning and resource allocation.[90] SAI Uganda identified gaps in forecast coverage, low transparency, lack of systematic review mechanisms, and reliance on basic forecasting models, which hindered the credibility of revenue forecasts, compromising budget planning and fiscal management.[91]

Public finance audits in Uganda further highlight weaknesses in budget monitoring frameworks and the capacity to track and evaluate performance outcomes. The SAI observed that monitoring and supervision is characterized by fragmentation, duplication, weak coordination and lack of clear results chain, undermining the delivery of public services and the achievement of budgetary objectives such as economic growth. Similar systemic weaknesses have been identified in Zambia (see Box 3.10).

BOX 3.10 | Limitations of the public financial management system in Zambia

Outdated strategic plans. Many institutions have not regularly updated their strategic plans, primarily due to delays in the formulation of the National Development Plan and the high turnover of key personnel.

Uncosted budget submissions. A significant number of institutional budget documents lacked cost estimates. Consequently, the budgets submitted were often subject to reductions, with final allocations approved by the legislature falling short of initial requests. These reductions were largely influenced by budget ceilings set by the Ministry of Finance.

Budget execution weaknesses. Audits revealed deficiencies across several areas including procurement processes, payroll management, internal controls and audit functions, cash management, and insufficient monitoring of SDG implementation and service delivery.

Policy and fiscal misalignment. Additional findings highlighted a lack of alignment between debt management policies and medium-term fiscal strategies. Institutions also face challenges in tracking and accounting for disbursed resources, and in producing accurate projections for revenues, grants, and expenditures, which were below the actual outturns.

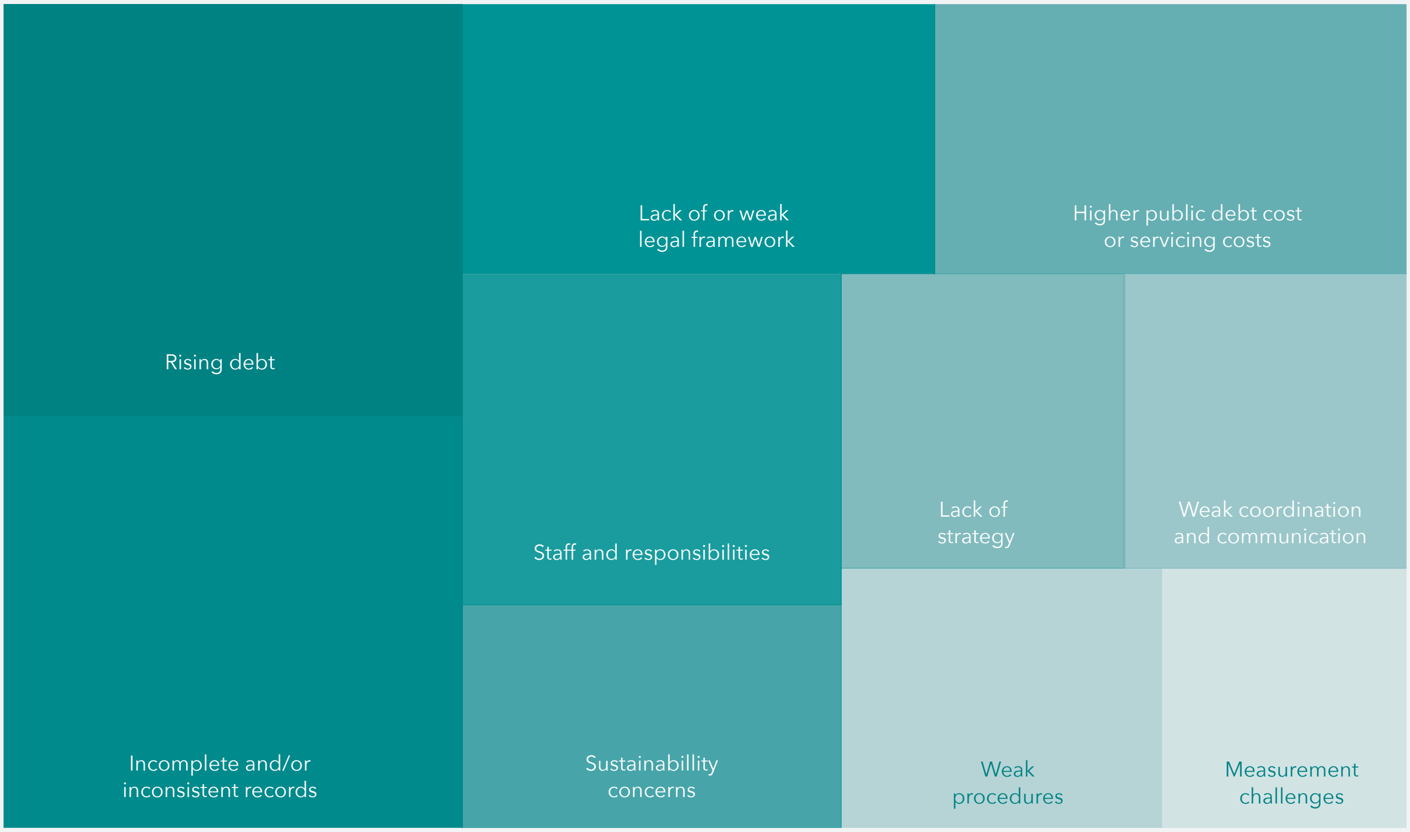
Source: UNDESA and IBP (2023), p. 103.

Public debt management presents additional risks. Across 24 audits in SIDS (including those that are LDCs) and nine in LDCs, SAIs have reported rising public debt levels, breaches of debt ceilings and weak institutional capacity in debt contracting and management, fund and project implementation, monitoring, record-keeping and transparency. For instance, the Auditor General of Uganda has consistently highlighted the rising levels of public debt and associated servicing costs in recent audit reports, identifying substantial risks to fiscal sustainability.[92] Figure 3.15 provides an overview of findings across SIDS.

These challenges are particularly acute in contexts of tightening fiscal space exacerbated by the sharp rise in public debt during the COVID-19 pandemic.[93] For example, in the Maldives, the Auditor General raised concerns about the feasibility of achieving the fiscal anchors and the lack of fiscal discipline in implementing strategies to reduce fiscal and debt constraints.

Collectively, these findings point to systemic governance and capacity gaps that not only weaken fiscal sustainability but also limit the ability of governments to deliver on

FIGURE 3.15 | Top ten limitations in public debt identified across audit reports in SIDS



Source: 126 audit reports. The total number of observations is 90 findings, 55 findings in the top ten categories.

development priorities. SAIs have responded by adapting their audit approaches to evolving risks, but the persistence of these issues underscores the need for more robust institutional frameworks and sustained reform efforts.

A recurring capacity constraint across SIDs and LDCs is the weakness in record-keeping systems, which undermine effective monitoring, transparency and financial reporting. Audit reports consistently reveal incomplete or inconsistent records, or missing documentation, particularly in debt management. For instance, Tanzania's Auditor General identified operational fragmentation and inadequate internal controls as key factors compromising debt records and reporting. In the Solomon Islands, audits found discrepancies in reported public debt figures and persistent failures across government agencies to maintain adequate record keeping of all their non-current assets.[94] A coordinated audit in the Pacific further revealed inconsistencies in debt maturity reporting as well as missing or incomplete loan documentation.

Beyond record-keeping, audits highlight broader institutional deficiencies, including the lack of debt plans and strategies, weak procedures, deficient coordination and communication, and poor project implementation. In Sierra Leone, the lack of finalized public debt regulations and procedural manuals affected clarity of work, decision-making, and segregation of duties. Similarly, the Cook Islands and other Pacific SAIs (such as Tonga, Marshall Islands or Micronesia) reported absence of operational procedures and training manuals, limiting staff capacity to fulfill their public debt management responsibilities.

Legal and institutional frameworks also remain underdeveloped. A 2014 cooperative audit across Pacific SAIs found that public debt management legal frameworks were either limited or outdated, failing to support the implementation of robust and effective public debt management systems. These structural gaps —combined with staffing constraints and unclear institutional mandates— continue to hinder the development of robust public debt systems and pose risks to fiscal sustainability.

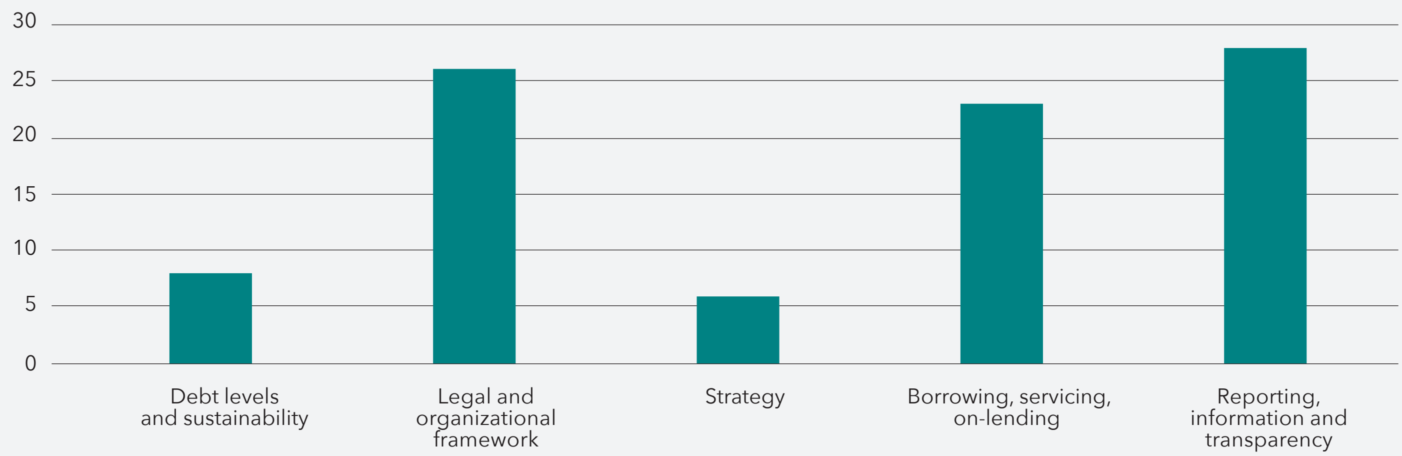
3.6.1 Recommendations in SIDS and LDC

Audit recommendations aimed at strengthening public finance in SIDS and LDCs closely reflect broader global trends, with emphasis on improving debt transparency, institutional frameworks and fiscal discipline. In SIDS, recommendations frequently target improvements in debt reporting systems and strengthening legal and organizational arrangements for debt management. These include calls for establishing dedicated debt units (e.g., Marshall Islands), clarifying institutional roles, improving staff capacity and the creation of inter-departmental committees to oversee all borrowing activities (e.g., Micronesia).

Monitoring and evaluation also emerge as critical areas, with SAIs (such as in Guam, Samoa, Tonga, and the Solomon Islands) recommending conducting regular reviews, establishing strategic benchmarks and debt indicators, and closer coordination between debt-related divisions. For example, the Auditor General of the Seychelles called the Ministry of Finance to enhance its monitoring and management of public debt, stressing the need for accurate recording and reporting of borrowings and repayments.

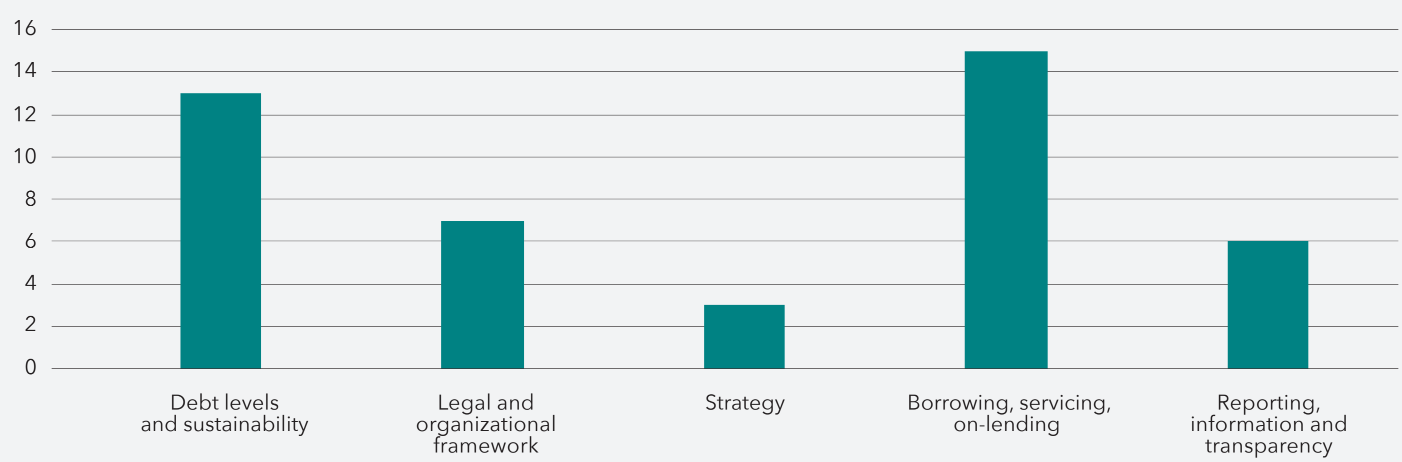
Figures 3.16 and 3.17 present a summary of recommendations for LDCs and SIDS. Examples of audit recommendations aimed at improving transparency are presented in Box 3.11.

FIGURE 3.16 | Audit recommendations along the debt cycle in SIDS



Source: 126 audit reports. Number of observations is 91.

FIGURE 3.17 | Audit recommendations along the debt cycle in LDCs



Source: 126 audit reports. Number of observations is 44.

LDCs show similar patterns. Audit recommendations focus on strengthening fiscal responsibility, improving the use of borrowed funds, and strengthening coordination, planning and record-keeping. For example, the Audit Service of Sierra Leone emphasized the need for the timely preparation of borrowing plans aligned with medium-term debt strategies, the finalization of procedural manuals and operational tools, and legislative approval of all external loan agreements.

Similarly, the Office of the Auditor General of Uganda recommended integrating budget sensitivity analysis into parliamentary deliberations to ensure that the Parliamentary Budget Committee is informed of fiscal risks during the budget approval process. The SAI also advised limiting loan uptake unless backed by clear and timely implementation plans. For underperforming projects, the SAI recommended reallocating resources to projects with better implementation potential and shorter delivery timeframes, thereby improving efficiency and reducing fiscal exposure.[95]

Across both groups, audits consistently highlight the need for more robust legal frameworks, clearer institutional mandates, and operational tools to support effective debt management. These findings underscore the importance of institutional reform and capacity-building to mitigate fiscal risks and improve the sustainability of public finance systems.

BOX 3.11 | Recommendations related to public debt reporting and transparency in SIDS

Audit reports from the Seychelles and the Maldives consistently emphasize the need to strengthen debt reporting, transparency, and record management. In the Seychelles, the Auditor General has called for more accurate and timely debt reporting, highlighting the need to consolidate all financial liabilities and ensuring that all debt transactions are properly recorded and disclosed. The 2022 report further stressed the importance of providing detailed and accurate reports on the debt portfolio, including loan terms and conditions, repayment schedules, and associated risks. The report emphasized the need for financial statements to fully reflect all financial activities and conducting regular reconciliations to present a true and fair view of the government's financial position.

Similarly, the Auditor General of the Maldives has issued multiple recommendations over the years to improve record management, reporting, and transparency. In 2011, the Auditor General underscored the importance of maintaining adequate records and disclosing all relevant information in public debt statements. The 2022 review of the Medium-term Fiscal Strategy 2024-26 called for enhanced transparency and accountability, urging the Ministry of Finance to explain deviations from previous fiscal objectives, outline the Government's approaches to modifying fiscal anchors, and report annually to Parliament on the implementation of recommendations made by parliamentary committees and the Auditor General in relation to the fiscal strategy report.

Source: Auditor General of the Maldives, "Auditor General Report on the Review of Medium-Term Fiscal Strategy 2024-2026 Maldives"; "Consolidated financial statement of the Government of the Maldives. Financial year 2022"; "Auditor General's Report, Statement of public debt as of 31 December 2011"; Auditor General of the Seychelles, "Report of the Auditor General 2016"; "Report of the Auditor General 2022".

3.7 Highlights on the impact of SAIs' work on public finance

Strengthening public finance systems for SDG implementation requires effective oversight and systematic uptake of audit findings. This depends on high-quality audits, clear and actionable recommendations, strategic communication and stakeholder engagement, and mechanisms to track government responses. Consistent follow-up is essential to maximize audit impact,[96] but success also relies on engaging stakeholders throughout the audit process to ensure findings lead to tangible improvements in PFM.[97]

This section presents illustrative examples of positive impact of public finance audits across regions. It also reviews how SAIs report and follow up on public finance audits, highlighting the role of communication and engagement.

3.7.1 Reporting and follow-up systems

Reporting and follow-up practices in public finance auditing vary widely across SAIs, reflecting differences in audit scope, report clarity and user-friendliness, presentation style, and the actionability of recommendations. While financial statement audits typically do not include explicit recommendations (although suggestions may be inferred from the reasons behind a qualified or adverse opinion), systemic audits - such as those on year-end accounts and annual budget execution - are more conducive to issuing and tracking actionable findings.

Many SAIs do not consistently prioritize or structure audit recommendations to facilitate implementation. A 2022 UNDESA/IBP survey found that only 34 per cent of SAIs use specific criteria to classify audit recommendations.[98] Some SAIs, such as those in Algeria, Belgium, Tunisia, and Senegal, lack structured follow-up mechanisms,[99] while others -like France, Georgia, and the Philippines- have long-standing practices and systematically track and report on progress. SAIs in Canada and France publish special consolidated reports to highlight the results of public finance audits over multiple fiscal years.

Certain SAIs clearly identify recommendations within their audit reports on public finance (often in a dedicated chapter or summary list). Examples include SAIs in Benin, Brazil, Burkina, Djibouti, France, Georgia, and the Philippines.[100] Some SAIs also systemically track follow-up actions. For example, the SAIs of France and Georgia include a dedicated chapter in their budget execution reports to address the status of previous recommendations.

Advanced practices include ongoing monitoring until audit recommendations are fully addressed, as seen in Georgia, Japan, and the United States (GAO). Others conduct follow-up audits at set intervals. SAI Portugal, for example, has developed a systematic approach to annually follow up on the recommendations that were issued two years earlier in the year-end accounts report[101] (see Box 3.14).

While most audit monitoring and follow-up systems are not publicly accessible, the U.S. GAO, for example, maintains a publicly available, interactive online dashboard that tracks the status of audit recommendations, indicating whether they are open, partially implemented, or fully implemented.[102] As of February 2025, the dashboard listed 33 open recommendations related to budget and spending. SAIs in Georgia, Indonesia and Malaysia also leverage ICTs to support the monitoring of the implementation of audit recommendations[103] (see Georgia's example under Impact).

Follow-up and repeated audits on public finance remain relatively limited. This is partly because most fiscal oversight is conducted through recurrent mechanisms, such as annual budget execution reports. Among a sample of 127 audit reports on public debt reviewed, only one follow-up audit – conducted by SAI Georgia – was identified (see Box 3.12). Strengthening follow-up mechanisms and embedding regular audits on specific public finance topics into a SAI's audit work program can reinforce accountability and drive sustained improvements in public financial management.[104]

3.7.2 Communication

Audit findings and recommendations on public finance offer critical insights for a broad range of stakeholders. Regular oversight activities (such as annual audits of budget execution) enable timely identification and resolution of fiscal issues,[105] enhancing transparency and supporting evidence-based decision-making. However, the impact of these audits depends on the timely submission of reports to parliament and public disclosure of findings. In many cases, particularly in LDCs, infrastructure and capacity constraints undermine these processes. Some SAIs lack basic communication tools, such as official websites, limiting the publication and communication of audit results.[106]

The highly technical nature of public finance audits often limits their accessibility and relevance to non-specialist audiences. Moreover, many SAIs struggle to link audit results to service delivery and sustainable development outcomes, limiting the influence of audit reports on policymaking and public debate.

To address these communication challenges, some SAIs have adopted more strategic approaches, using diverse tools and channels to make technical public finance information more accessible and engaging. These efforts include the use of infographics, short videos, executive summaries, and social media to broaden the reach and impact of audit reports. While some SAIs, such as the Philippines, apply a uniform communication strategy across audit practices,[107] others tailor their outreach to specific audiences. For example, SAIs in Brazil and the U.S. use citizen-centric language, visual tools, videos and podcasts to present complex fiscal information in a clear and relatable way.[108] Such efforts help bridge the gap between technical content and public understanding, ultimately increasing the visibility and impact of public finance audits.

BOX 3.12 | Follow up audit on public debt management in Georgia

In 2020, SAI Georgia conducted a follow-up performance audit on debt management to assess the implementation status of recommendations issued in its 2014 State Debt Management Efficiency Audit, and to evaluate improvements in debt management practices over time.

The audit found that four of the original recommendations had been implemented. Notably, procedures related to borrowing had improved, including the introduction of a preliminary assessment of proposed loan terms and conditions. Additionally, the state debt portfolio is reviewed when taking out new loans. The Ministry of Finance also prepared and approved the Government Debt Management Strategy for 2019-2021, which included measures to promote the development of the government securities market. Furthermore, since 2015, the Ministry of Finance has prepared an annual sustainability analysis in line with the International Monetary Fund (IMF) methodology, submitting it alongside the budget draft.

Source: Audit reports 2014 and 2020 and interview conducted for the WPSR 2025.

SAIs are increasingly using media and digital platforms to disseminate audit findings and enhance the visibility and impact of public finance audits. Press releases and conferences – used by SAIs in Belgium, Brazil, Canada, France, Morocco, Uganda, among others- are common tools for engaging the public, particularly around annual reports.[109] SAIs like Georgia and Portugal tailor their reporting formats to different audiences, offering accessible summaries alongside technical annexes to improve public understanding and engagement.[110]

Annual reports are a key instrument for informing both parliament and the public. SAIs in Austria, Belgium, Canada, Djibouti, France, Seychelles and Uganda, among others, consistently publish these reports, which consolidate findings from financial, compliance and performance audits, and reinforce critical findings and recommendations related to public finance.[111] Austria's 2023 annual report, for example, succinctly highlights public finances findings and recommendations and links them to strategic priorities such as intergenerational equity and debt sustainability.

Some SAIs are also expanding access to and use of audit data. SAI France publishes the datasets used in its periodic reports on the fiscal situation and outlook[112] and some SAIs like Austria and the U.S. GAO offer interactive tools that allow citizens to explore audit data and draw their own findings independently (see section 3.3). These innovations support transparency and enable broader use of audit evidence.

SAIs have made continued progress in strengthening collaboration with civil society organizations, media outlets, and academic institutions to further amplify audit reach and impact.[113] In Sri Lanka, the civil society organization Verité Research uses audit findings to inform its work and maintains a public dashboard on budget credibility, demonstrating how stakeholders can enhance the visibility and value of audit information.[114]

However, SAIs must balance transparency with caution to avoid potential risks. Public finance audits may contain sensitive information with implications for credit ratings or financial stability.[115] Clear institutional communication strategies that safeguard the integrity of audit information, while promoting transparency and public engagement, are essential to prevent misinterpretation or misuse of audit content, especially when using social media or alternative communication formats. As noted by one auditor, partial or individual representations of audit findings can distort public understanding and undermine institutional credibility. [116] Ensuring that communication reflects official positions and is context-sensitive is critical to maintaining trust and maximizing the impact of public finance oversight.

3.7.3 Impact

Public finance audits generate impact both directly, through the effective implementation of audit recommendations, and indirectly, by enabling stakeholders to use audit findings to strengthen fiscal accountability. In Georgia, an integrated electronic platform, accessible to the SAI, legislators and audited entities, consolidates audit reports, findings, recommendations, and action plans for implementing the recommendations. This system enhances transparency, coordination and legislative oversight. Notably, some parliamentarians independently monitor implementation progress.[117] Since its introduction, the audit recommendation implementation rate rose from 43 per cent (2015-2017) to 60 per cent (2018-2019),[118] illustrating how digital tools, when combined with institutional collaboration, can significantly improve audit effectiveness and impact.

Table 3.2 highlights examples where audit findings have been leveraged by diverse stakeholders to enhance impact.

TABLE 3.2 | Stakeholders leverage audit information for public finance impact

Country/SAI	Stakeholder	Use of audit information	Public finance impact
Federated States of Micronesia	Parliament	The departments were summoned to Congress to discuss the audit findings and recommendations on public debt management. They were instructed to prepare detailed action plans in response to the audit report and to implement immediate corrective measures.	SAI's involvement in public debt oversight has extended to high-level policy discussions. It was invited to participate in the State National Leadership Conference's deliberations on public debt, reflecting its growing role in shaping fiscal governance. In 2015, the President established a Debt Management Advisory Committee to strengthen the legal and institutional framework for debt management including drafting a Public Debt Act.
Ghana	Civil society	The civil society organization SEND GHANA collaborated with the Audit Service to address financial irregularities in the School Feeding Program (SFP). SEND GHANA played a key role in amplifying the audit report's findings and recommendations by disseminating them through radio broadcasts, newspapers, and social media platforms. In addition, the organization conducted complementary research to assess compliance with public procurement standards. To further strengthen accountability and stakeholder engagement, SEND GHANA convened multi-level dialogues involving stakeholders, fostering public awareness, ownership of audit findings and encouraging corrective action.	The relevant stakeholders committed to implementing measures to address key challenges in the School Feeding Program (SFP), including improving procurement and allocation processes, ensuring the timely payment of caterers, and enhancing the quality of food. In 2021, the Minister of Gender, Children, and Social Protection reaffirmed the government's commitment to settling outstanding arrears owed to SFP caterers. Additionally, the Minister announced plans to establish an information management system aimed at improving the efficiency and effectiveness of programme service delivery.
India	Judiciary	In a Supreme Court case between the State of Kerala and the Union Government, the national government cited SAI India's financial audit reports on Kerala, specifically comments on public debt computation, to validate its action.	In April 2024, the national government avoided a Supreme Court stay on the borrowing ceiling it had imposed, citing relevant audit findings to support its position.

Source: Cooperative audit PASAI; UNDESA and IBP (2023); Presentation SAI India (2024 meeting of WGPD).

Executive action is a key driver of audit impact, particularly through the effective implementation of audit recommendations. Sustained engagement and constructive collaboration between the SAI and public sector entities are essential yet often challenged by high staff turnover and shifting political contexts.[119] Securing the "buy-in" of the audited entities is critical, but can be difficult when trust and dialogue are not guaranteed.

Implementation tends to be slow and inconsistent in some countries, especially for complex recommendations, such as those related to public debt, which require a longer time horizon to yield tangible results.[120] Consequently, the intended impact of the recommendations is not immediate. Delays contribute to recurring weaknesses and diminish audit effectiveness. In some cases, stakeholder interests may obstruct implementation, despite the technical soundness of recommendations.

Nonetheless, SAIs note that the technical knowledge and expertise of auditors, combined with the provision of concrete, actionable recommendations, improve receptiveness to audit observations and foster change.[121]

Over time, as SAIs examine recurrent issues, audit findings and recommendations begin to influence change, shape public discourse, inform policy, and strengthen PFM systems.[122]

Effective implementation is supported by meeting with the auditee prior to the release of the audit report, the development of formal action plans, and clear implementation deadlines.[123] However, these practices are not consistently applied or documented, limiting the ability to evaluate their impact.

BOX 3.13 | Examples of public finance audit impacts in LDCs

Yemen: public finance audits have improved accountability by ensuring that most economic units completed and submitted their financial accounts to the responsible agency and the Ministry of Finance in a timely manner. Furthermore, enhanced coordination between the Ministry of Finance's Foreign Relations Sector and the Ministry of Planning and International Cooperation facilitated accurate reporting of loan withdrawals and foreign assistance, ensuring all amounts were reflected in the final accounts of economic units.

Zambia: Audit findings revealed a misalignment between the debt management policy and the medium-term fiscal strategy. The SAI recommended the establishment of a system for managing debt contraction by the Executive, including legislative approval of new debt. Additionally, the SAI also advised integrating the debt management systems of the Ministry of Finance and the Central Bank. This integration aims to provide a clear and comprehensive country debt position and help the Ministry of Finance make more informed and coordinated decisions on debt contracting and management.

Source: UNDESA and IBP (2023)

Follow-up and ensuring the implementation of audit recommendations remains a major challenge, particularly in the context of compliance and performance audits. Limited executive and legislative action on audit findings and recommendations, particularly in LDCs and SIDS, undermines audit impact.[124] For instance, Pacific SAIs, despite robust mandates and standard operating procedures, face inadequate responses to their findings.[125] To address these challenges, PASAI has supported capacity-building of PACs in countries such as Fiji, Tonga and the Solomon Islands, strengthening financial oversight, developing PAC frameworks and procedures for reviewing external audit reports, and fostering stronger collaboration with SAIs.[126]

Despite these challenges, successful examples exist across various regions. Boxes 3.12 and 3.13 highlight examples of effective implementation of recommendations and audit impact, including in public debt management in Georgia and across LDCs.

BOX 3.14 | Strengthening public financial management in Portugal

Since 2016, the Portuguese Court of Accounts has audited the country's public financial management reforms, issuing nine audit reports, seven overall situation assessments (through the year-end accounts), and 26 recommendations. Out of the recommendations, only two have been fully implemented, 16 partially implemented and seven not implemented as of early 2025. Audits revealed systemic weaknesses, including insufficient strategic planning and coordination, limited leadership, lack of human and material resources, and inadequate skills and training in public administration. The Court recommended clearer leadership, better coordination and a phased implementation strategy.

In public debt, audits identified reporting omissions and errors and inadequate financial disclosures. The findings led to improved financial disclosures, the inclusion of new financial maps and explanatory notes in the year-end accounts, and better compliance with budgetary frameworks.

The Court integrated an assessment of the government preparedness for SDG implementation in the 2018 and 2020 year-end accounts and synthesized findings from 20 SDG-related audits. While recognizing political commitment and progress in the publication and measurement of indicators, it highlighted lack of detailed implementation plans, unclear responsibilities, limited adaptation of targets to the country context, and weak strategic planning, budget programming and execution documents.

There have been improvements driven by audit recommendations, particularly in the publication of reports on annual public policy measures and on tax expenditures. There is greater clarity regarding the tax benefits in force each year, the methodologies used to calculate associated tax expenditures, and the relevance of this information for evaluating trade-offs between foregone revenue and intended policy outcomes. Additionally, the government has established a new technical unit tasked with improving the identification and evaluation of non-fiscal advantages of tax benefits. An inventory and management system for central government real estate assets has been developed to address risks related to unreliable information. In the area of sustainable development, changes in the SDG governance model have strengthened the role of a new steering body responsible for monitoring and evaluating the implementation of the 2030 Agenda, and the 2024 Budget identifies, for the first time, financial resources allocated to the SDGs. Additionally, the ongoing transition to a new accounting framework in the Social Security Account has enabled a more accurate valuation of real estate assets, bringing their accounting value closer to fair market value.

Source: Interview for the WPSR 2025.

BOX 3.15 | Examples of public finance audit impacts in various regions

Egypt: Audit recommendations contributed to the implementation of real-time expense tracking systems, and the introduction of mid-year budget review mechanisms, strengthening spending controls and improving budget execution. Collectively, these reforms helped reduce the budget deficit and improve alignment between planned and actual expenditures. Furthermore, weaknesses in the public financial management information system identified by the SAI led to the introduction of general control mechanisms to mitigate financial mismanagement risks, enhance procurement processes, and promote more competitive and cost-effective spending.

Indonesia: Audits identified significant carry-over and unused budget funds, prompting corrective actions that improved budget execution performance indicators and overall performance evaluation. The SAI also recommended that the Ministry of Finance establish a mechanism for setting revenue targets that consider the impact of tax policies. As a result, the government began incorporating tax policy considerations while budgeting for tax revenue.

Ireland: Audits supported the modernization of central government accounting and alignment of fiscal documentation with international standards.

Latvia: Audits findings led to clearer and more equitable procedures for reviewing institutional base expenditures, contributing to improved budget planning and resource allocation.

The Philippines: Audits identified underspending and delays in the release of funds. In response, the SAI recommended enhanced support for local governments, including technical assistance and compliance reviews by the Department of Budget and Management Regional Offices. These efforts led to improved management of the Local Government Support Fund (LGSF). The government also strengthened budget monitoring, reporting and compliance with audit recommendations and introduced a quality spending framework, improving execution and evaluations metrics.

Source: UNDESA and IBP (2023); Interviews conducted for the WPSR 2025.

3.8 Conclusion

Effective and transparent public financial management is crucial for building trust in public institutions and mobilizing and effectively spending resources for the implementation of the SDGs. SAIs offer critical insights into fiscal systems through audits of public finance, debt management and budget reliability. Public finance audits not only strengthen accountability but also inform national assessments of the performance of national fiscal systems, including in relation to SDG implementation.

Going forward, the Sevilla Commitment on Financing for Development, adopted at the Fourth International Conference on Financing for Development, provides an international reference framework that SAIs can use to further their work on public financial management and public debt. Specific initiatives linked with the commitment, such as the Sevilla Platform for Action, the Sevilla Debt Platform and the Borrowers' Club, can be a source of information for SAIs. For instance, the INTOSAI's Working Group on Public Debt may engage with initiatives focused on debt that aim to promote knowledge sharing on debt management and transparency.

Despite the strategic value of public finance audits, their potential to support the follow-up and review of the SDGs remains underutilized. To address this, it is important to raise awareness among stakeholders about the relevance of public finance audits. Communicating audit findings clearly and documenting and disseminating SAI experiences can foster broader support for and policy uptake of SAIs' work in this area.

Expanding the use of performance audit methodologies and integrating them with financial and compliance audits enhances the public value of SAIs' work. Applying these competencies and approaches to fiscal oversight enables more targeted and responsive audits. In addition to systemic audits, SAIs can also add value through audits on specific risks at the project, programme or entity levels. Agile approaches are essential for addressing emerging issues in public finance.

Structured engagement with stakeholders at national and international levels is also key. It amplifies the influence of audit work, strengthens SAIs' institutional capacities, and ensures that audit insights inform both domestic public financial management reforms and SDG processes and global dialogue on financing for development.

There is a growing opportunity to align public finance audits with sector performance audits, particularly in policy areas such as climate change, environmental sustainability, and gender equality, among other cross-cutting themes. This integration enhances the coherence and relevance of public finance audit work in relation to national priorities and the SDGs.

Currently, global support for SAIs in public finance auditing is limited, with few dedicated initiatives beyond the work of the INTOSAI WGPD. However, there is growing momentum within the SAI community to reposition this area of work and articulate its strategic importance. Emphasizing how audit recommendations can drive improvements in public debt management, budget formulation and execution, and the overall allocation and use of public resources is essential to demonstrating value. The development of targeted guidance, training and capacity-building initiatives, along with a stronger focus on public financial management within ongoing SDG auditing would represent important steps in strengthening SAIs' contributions in this domain.

To further strengthen their contributions in public finance, SAIs should identify strategic entry points within PFM systems and embed public finance audits into long-term institutional planning. Consultations with stakeholders, including civil society and the public, can support the identification of entry points and relevant audit topics. Regular, recurring audits contribute to sustained improvements in budgeting and financial management. When integrated into SAIs' strategic plans, this recurring work reinforces institutional commitment and facilitates the mobilization of resources necessary for effective fiscal oversight.

Establishing dedicated units, fostering collaboration between financial and performance auditors and leveraging data analytics and ICTs can significantly enhance the quality and relevance of public finance audits. In addition, cooperation with other SAIs offers valuable opportunities for mutual support, knowledge sharing and the joint development of professional competencies. International partners can also play a pivotal role through technical assistance, support for capacity development, and facilitating peer learning and knowledge exchange. Such collaboration can help SAIs harness innovation and strengthen fiscal oversight to drive progress toward sustainable development and the SDGs.

Finally, stakeholder engagement, proactive communication of audit results and systematic follow-up on audit recommendations are essential to achieving meaningful and lasting impact. By investing in these areas, SAIs can play a transformative role in advancing sustainable development through more effective public financial management.

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