In many jurisdictions, SAIs are limited to few types of audits, primarily centred around accounting and reporting and the budget execution stage of the public financial management (PFM) system. However, in most SAIs surveyed, it is not because their mandates constrain them from carrying out audits in other aspects of budget credibility. For example, fewer SAIs seem to undertake audits on policy design, budget preparation and budget approval.

This may be the case due to, for example, scarcity in SAIs resources, lack of PFM expertise, inadequate internal controls in public administration, and limited access to information.

In the case of SAI Jamaica, most of the audits are also on accounting and reporting and the budget execution phase.

However, SAI Jamaica was given additional mandate under the fiscal responsibly framework to conduct reviews of the fiscal accounts of the government by assessing whether the conventions and macroeconomic assumptions comply with the principles of prudent fiscal management. And of course, this assessment is on the medium-term outlook.

SAI Jamaica also assess the reasonableness of the explanations provided by the Minister for any significant deviation from the fiscal targets. The review exercise is expected to contribute to the budget process prior to the approval of the budget, thereby enhancing transparency in the process.

In a broad sense, budgets are considered “credible” when governments collect and spend funds according to their approved budgets. This is important as the public must have confidence in the government to deliver on its policy objectives according to expectation. Failure to do so may cause distrust and even lead to accusation of mismanagement and impropriety of the part of the government representatives involved.
This fear could be allayed with the involvement of independent external audits of the budget credibility process.

In recognizing the importance of independent external audits on the credibility of Government Budgets as an effective part of the oversight mechanisms for public financial management (PFM), we want to express our appreciate to UNDESA and IBP to partner with SAI stakeholders to development “Handbook on auditing Budget Credibility”. This handbook will certainly provide a sound framework for undertaking such audits, and to enhance the knowledge and understanding of SAIs in this subject.

We are certainly looking forward to the completion of the handbook, and of course the interaction from webinars like this will contribute to its development.

~End~