PRINCIPLES OF TRANSPARENCY AND ACCOUNTABILITY REGULATING THE COURT OF ACCOUNTS IN LEBANON

in light of the International Principles for Supreme Audit Institutions – INTOSAI
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ABSTRACT

In line with stakeholders’ continued efforts to streamline public finances in Lebanon and promote transparency in the public sphere, this paper will discuss INTOSAI’s Accountability and Transparency standards for Supreme Audit Institutions. The paper will present the International Organization of Supreme Audit Institutions (INTOSAI), along with its principles and standards. Then we will delve into detailed discussion of INTOSAI’s nine fundamental principles on accountability and transparency, in comparison with the Decree regulating the Court of Accounts and the draft law amending it, as prepared by the Parliamentary Justice and Administration Committee, in addition to referencing the Court of Accounts’ strategic plan when necessary.

At the end, a set of recommendations will be presented to the Parliament and Court of Accounts, to ensure the latter’s independence and promote its operational transparency, while keeping up with current technological developments, and to capitalize on it in order to boost trust between citizens on the one hand and the government and its agencies on the other hand.
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International Principles for Supreme Audit Institutions – INTOSAI; Principles of Transparency and Accountability Governing the Court of Accounts

INTRODUCTION

Democratic societies are founded on the people’s ability to hold their representatives accountable; therefore, if accountability is undermined, a democratic system will lose its essence or even become at risk. To ensure accountability, constitutions generally stipulate the separation of powers, without this separation being necessarily absolute. In fact, constitutional theories have developed allowing for a more flexible separation that strikes a balance between the three branches of Government. To this end, checks and balances were established between powers. For instance, as a representative of the people, the Legislative Authority monitors the Executive Authority’s performance of duties, while the Judiciary ensures the objective implementation of the law.

Unfortunately, all of the above is insufficient because it is possible for public administrations and institutions to abuse their powers in managing society’s resources or be in the face of mismanagement. Even if the people are able to hold officials accountable in elections, these officials will need practical tools to monitor the performance of public administrations and institutions, particularly in relation to the allocation of public funds. According to the first Standard of the Lima Declaration1, establishing a Supreme Audit Institution (SAI) is one of the most crucial tools used to control public administrations, provided that the institution is granted the independence needed to monitor public administrations and institutions. A SAI is an independent and professional institution which plays a major role in a country’s accountability system. Usually, a SAI’s jurisdiction to perform an auditing role is either established in the country’s constitution or through a law2.

SAIs perform oversight on public expenditure in general, in addition to conducting financial audits assessing the reliability and accuracy of public entities’ financial reporting, and conducting compliance audits assessing public entities’ compliance with their governing authorities3.

In other words, SAIs play a crucial role in gaining and maintaining citizens’ trust in the government and its agencies. As such, SAIs ensure, first, that public spending is in line with the government’s general budget, and second, that there is no mismanagement, squandering, and/or corruption. However, this task alone is not enough to secure citizens’ trust. SAIs must be transparent, which makes information on its monitoring actions accessible to the public, in addition to the ability of the Legislative Authority to examine the work of the SAIs to take action against any public administration’s violations. SAIs do not only assume an observer’s role, but also take part in planning and streamlining public funds of the government. That is possible through adopting a sustainability approach by the SAI itself to monitor public spending, which will direct public entities towards sustainable spending.

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2* External Audit – Supreme Audit Institutions. OECD. Available at: https://www.oecd.org/gov/external-audit-supreme-audit-institutions.htm
3* Idem.
Given the importance of SAIs around the world, the International Organization of Supreme Audit Institutions (INTOSAI) was established in 1953\(^4\). It includes the majority of audit institutions around the world, including the Lebanese Court of Accounts, who enjoy full membership at the organization\(^5\). INTOSAI strives to establish the international framework of standards and practices in governing national SAIs. The framework consists of three categories: a) INTOSAI Principles; b) International Standards for Supreme Audit Institutions; and c) INTOSAI Guidance\(^6\).

a. INTOSAI Principles: these principles are divided into two groups: the founding principles and the core principles. The founding principles consist of the aforementioned INTOSAI-P1 - Lima Declaration and INTOSAI-P10 - Mexico Declaration on Supreme Audit Institutions' (SAIs) Independence\(^7\). As for the core principles, they consist of INTOSAI-P12 - The Value and Benefits of Supreme Audit Institutions – Making a Difference to the Lives of Citizens\(^8\), INTOSAI-P20 - Principles of Transparency and Accountability\(^9\), and INTOSAI-P 50 - Principles of Jurisdictional Activities\(^10\).

b. International Standards for Supreme Audit Institutions (ISSAIs): These principles are divided into six groups: ISSAI 100 Fundamental Principles of Public-Sector Auditing\(^11\), ISSAI 130 Code of Ethics\(^12\), ISSAI 140 Quality Control for Supreme Audit Institutions\(^13\), ISSAI 200 Fundamental Principles of Financial Auditing\(^14\).

\(^4\) International Organization of Supreme Audit Institutions (INTOSAI) – Official website: https://www.intosai.org/
\(^6\) See Annex I.
\(^7\) Mexico Declaration on SAI Independence Available at: https://www.intosai.org/fileadmin/downloads/documents/open_access/INT_P_1_u_P_10/issai_10_en.pdf
\(^8\) The Value and Benefits of Supreme Audit Institutions – Making a Difference to the Lives of Citizens Available at: https://www.intosai.org/fileadmin/downloads/documents/open_access/INT_P_11_to_P_99/INTOSAI_P_12/issai_12_en.pdf
\(^11\) Fundamental Principles of Public-Sector Auditing Available at: https://www.intosai.org/fileadmin/downloads/documents/open_access/ISSAI_100_to_400/issai_100/issai_100_en.pdf
\(^12\) Code of Ethics Available at: https://www.intosai.org/fileadmin/downloads/documents/open_access/ISSAI_100_to_400/issai_130/issai_130_en.pdf
\(^13\) Quality Control for SAIs Available at: https://www.intosai.org/fileadmin/downloads/documents/open_access/ISSAI_100_to_400/issai_140/issai_140_en.pdf
ISSAI 400 Fundamental Principles of Compliance Auditing\textsuperscript{15}, and ISSAI 300 Fundamental Principles of Performance Auditing\textsuperscript{16}.

c. INTOSAI Guidance: The guidance is developed by INTOSAI in order to support SAIs and independent auditors in how to apply the standards in practice in financial, compliance, and performance audits, as well as in other processes, in addition to understanding the standards and the application of the appropriate standards\textsuperscript{17}.

As for the United Nations, the General Assembly issued three resolutions: two on "Promoting the efficiency, accountability, effectiveness, and transparency of public administrations by strengthening supreme audit institutions"\textsuperscript{18}, and another on "Promoting inclusive and accountable public services for sustainable development."\textsuperscript{19} These resolutions are high-level recognitions and promotion of SAIs' independence for countries to create financial audit agencies that ensure transparent accountability and sustainable development of societies. This proves the importance and key role of SAIs in preserving the citizen's confidence in the government. In addition, they are essential to ensuring the proper functioning of the democratic process.

In Lebanon, the legislature established a financial audit agency; the Court of Accounts, as identified in the first article of Legislative Decree No. 82/83, the Decree regulating the Court of Accounts\textsuperscript{20}, which states that:

"The Court of Accounts is an administrative court responsible for the financial judiciary. Its mission is to supervise public funds and funds deposited in the treasury by:

- Monitoring the use of these funds and whether this use is in line with the laws and regulations in force.
- Determining the validity and legality of the transactions and accounts.
- Prosecuting those responsible for violating the laws and regulations.

The Court of Accounts is administratively linked to the Prime Minister, and its headquarters is in Beirut."

\textsuperscript{15} Fundamental Principles of Compliance Auditing Available at: https://www.intosai.org/fileadmin/downloads/documents/open_access/ISSAI_100_to_400/issai_400/issai_400_en.pdf
\textsuperscript{16} Fundamental Principles of Performance Auditing Available at: https://www.intosai.org/fileadmin/downloads/documents/open_access/ISSAI_100_to_400/issai_300/issai_300_en.pdf
\textsuperscript{17} All guidance provided by INTOSAI is available through: https://www.issai.org/wp-content/uploads/2021/02/site-ISSAI-English-comparision-of-the-norms.pdf
Currently, there is a draft law21 being studied by the parliament to amend the aforementioned legislative decree, in order to develop the Court’s system and to increase its human and technical capacity by increasing the number of its employees to provide it with the necessary tools to carry out its tasks. The aim of this paper is to highlight the importance of the role of the Court of Accounts within the Lebanese legal system and to determine the compliance of the Lebanese relevant laws with the INTOSAI principles, and for this purpose, we will only review the core principles of INTOSAI; more specifically, the “Principles of Transparency and Accountability” because having a transparent and accountable SAI is a prerequisite for its effectiveness as well as to gain citizens' confidence. We will address the legal texts in force and the proposed amendments thereto to determine the extent to which the Lebanese texts are in line with the international principles that will be discussed and to suggest the necessary amendments, where necessary. At the end, recommendations to the concerned bodies to ensure the transparency of the Court of Accounts and ensure that it abides by a modern law in line with international principles will be provided.

PRINCIPLES OF TRANSPARENCY AND ACCOUNTABILITY

This set of principles aims to establish benchmarks/guidelines of transparency and accountability for SAIs as part of essential values that the institutions should adhere to at all times. Because the public has the right to know, especially in terms of how public funds are spent, the work of SAIs revolves around the extent to which this use of funds is in line with laws and regulations, which is considered necessary for the public to form its opinion about the state’s financial policies and hold their representatives accountable. In addition, in a democratic society, all public authorities, administrations, and institutions must be subject to the rule of law. In fact, any public servant must be accountable and can be held responsible in case of violation of the law, which is important to enhance public confidence in the SAI itself because the public would know that whoever works for this SAI could be held accountable in the event of any violation.

There are nine principles that define the general framework for the transparency and accountability of the SAIs22. The section below will proceed to examine each of these principles in relation to the Lebanese Court of Accounts.

Principle 1: SAIs perform their duties under a legal framework that provides for accountability and transparency

This principle defines the general framework under which the SAIs must work. This general framework should determine the authority of the SAI, how to appoint and dismiss the head of the SAI and its employees, the operation and financial management of the SAI, and supervision over the work of the SAI, as well as the foundations based on which the SAI is held accountable. In addition, the framework defines specific mechanisms to ensure the transparency of the SAI’s work while acknowledging trade-off between the public’s right to access information on the one hand, and the confidentiality of evidence related to audit processes on the other.

21* This draft law is not published, and therefore when talking about any proposed amendment, we mention it in this paper, according to the recent amendments adopted by the Administration and Justice Committee in the Parliament.
22* See reference no. 7.
These provisions must be integrated in SAIs relevant national law and made available to the public by dedicating a section titled “Laws” on the SAI’s website that showcases the details of the SAI’s work by introducing the laws in detail and providing copies of them for those wishing to view the original legal text. As for the steps that ensure transparency and accountability of the SAI, some laws state how to achieve transparency in detail and specify the rules that allow accountability of the head of the SAI and its employees.

With regard to the right to access information, the law of the SAI must explicitly provide for the right to access information for each of the legislative authority, the parliament, and the public. A listing of the accessible information must be published, which facilitates the work of the SAI before others, as the requests submitted for information would only be related to those that can be accessed, which would relieve the pressure on the SAI’s personnel when responding to information requests that cannot be made available. However, this should always be associated with achieving the public interest, which usually requires the dissemination of information held by the SAI to achieve maximum transparency and gain public confidence.

Looking at the Decree regulating the work of the Court of Accounts, there are no specific articles that directly define its oversight powers. Only the first Article defines the functions of the Court, while the second Article identifies the public administrations subject to the jurisdiction of the Court. It would be more appropriate to expressly provide for the independence of the Court of Accounts which ensures neutrality and objectivity in its work.

With regard to the appointment and dismissal of the head of the SAI and its employees, including judges and staff, the Administration and Justice Committee proposed the amendment of Article 5 of the proposed draft, which specifies how to appoint the heads of chambers in the Court, by adding the sentence “after consulting the Council of the Court” to the Article, which became as follows:

“Heads of chambers shall be appointed by virtue of a decree issued by the Council of Ministers based on the proposal of the Prime Minister and after consulting the Council of the Court. They shall be judges from the Court of Accounts of the eighth degree at least”.

To ensure the independence of the Court, it is preferable that the appointment of the heads of chambers is based on the proposal of the Council of the Court itself, not the proposal of the Prime Minister.

As for the publication of the Court’s reports, Article fifty of the Decree and Article fifty-five of the draft amendment, as amended by the Administration and Justice Committee, requires publishing the annual report in the Official Gazette and in an independent paper. To keep up to date with and benefit from technological developments in enhancing the public’s right to access information, it is better to publish these reports in a digital form on the website of the Court in a searchable, copyable, and downloadable format.

Looking at the website of the Court, we find that a section, titled "Legal Portal" dedicated to laws and legislations, which include legislations, legal studies, and annual reports. However, the legal texts are without a simplified explanation, and the annual reports page needs updating as it is limited to only two reports from 2010 and 2013. Thus, in order to harmonize the work of the Court, specifically its website, it is necessary to update the latter and make it
user friendly, in order to develop the relationship between the Court and the public and allow
the public to view the work of the Court. Although sub-objective No. 4.2, under the fourth
objective of the “Strategic Plan of the Court of Accounts”\textsuperscript{23} titled “Ensure open reporting of the
results of the work of the Court of Accounts without any restrictions”, aims to upload all audit
reports on the website of the Court, it does not mention the annual reports, which should be
published only in the Official Gazette and in an independent book.

**Principle 2: SAIs make public their mandate, responsibilities, mission, and
strategy**

This principle provides practical steps for SAIs to ensure their transparency and to consolidate
confidence between them and the public. It aims to determine the SAI’s powers and mandate
in a publicly accessible and understandable way away from the complexity of legal texts. In
addition, it aims to disseminate the SAI’s message and strategy, as well as to define how it is
regulated and its relationship with the legislative and executive authorities.

Another way to achieve transparency and gain public confidence is by making public the
conditions of appointment, reappointment, retirement, and responsibility of the head of the
SAI and its employees, including judges and staff, in addition to publishing “facts list” that
include the detailed work mechanisms for the functions of the SAI, such as the functions
related to performance, compliance, financial, administrative, and judicial audits. According to
the principle also, in advanced cases of transparency and the relationship between the SAI
and the public, all this information can also be published in an additional INTOSAI official
language in addition to the official language of the country. This method has a positive
impact, especially in terms of gaining the confidence of external investors, who see such steps
as stimulus and consider that they strengthen confidence in the government and its agencies.

Although there are multiple articles on the functions of the Court of Accounts and its
relationship with the authorities, there is no legal article that requires publishing anything on
these topics, or on the mission, strategy, and regulation of the Court. It should be noted that
this does not require a legal text that provides for their publication, as the Court can work on
this within the framework of its strategic plan within sub-objective 4.4 “Develop a strategy for
public relations and awareness”, and sub-objective 4.5 “Develop partnerships with other
Lebanese institutions”. Through these partnerships, civil society organizations can support the
Court in its work whether through providing financial or technical support, while at the same
time CSOs can blow the whistle for the Court to make sure it exercises its jurisdiction. However,
although the strategy is in place, no public data is available on its application nor any
collaborations with institutions or CSOs.

Sub-objective No. 5.1 titled "Prepare and adopt a code of conduct and state the mission/vision
of the Court of Accounts", under the fifth objective of the strategic plan; "Ensure official
adoption, issuance, and publication of INTOSAI standards for the International Organization of
Supreme Audit Institutions.", requires the publication of the mission and vision of the Court of
Accounts, which are defined in the same plan as follows:

\textsuperscript{23} The plan is not published.
Vision:

“Provide assurances to taxpayers and other stakeholders that public resources are used lawfully, economically, efficiently and wisely.”

Mission:

“Contribute to the development of sound financial management in the state administration, and conduct quality reviews in line with best practices that seek to build confidence in public spending, and enhance public accountability for citizens, taxpayers, and other stakeholders.”

Values:

"We must monitor our values in all our daily actions. The values of competence, professional excellence, independence, and objectivity give us a common identity and enable us to work together to achieve our common goals. Putting our values into practice will help us carry out our tasks efficiently, effectively and consistently."

Sub-objective 5.2 titled "Prepare the objectives of the Court of Accounts" requires discussing and defining the objectives of the Court, ensuring that they are in line with the mission and/or vision of the Court, in addition to making them public. Although these objectives were prepared and included in the strategic plan, they are yet to be published. Below are the nine objectives of the Court of Accounts as per the strategic plan that we were able to get a paper copy of from the Court of Accounts:

**Objective 1:** Strengthen the independence of the Court of Accounts and ensure its audit role.

**Objective 2:** Ensure functional, organizational, operational, and financial independence.

**Objective 3:** Conduct financial, compliance, and performance audits.

**Objective 4:** Ensure open reporting of the results of the work of the Court of Accounts without any restrictions.

**Objective 5:** Ensure official adoption, issuance, and publication of INTOSAI standards for the International Organization of Supreme Audit Institutions.

**Objective 6:** Ensure that human and financial resources are used in the most effective manner to ensure the effective implementation of its work.

**Objective 7:** Develop an appropriate internal organizational structure to meet the operational requirements.

**Objective 8:** Ensure that employees are qualified, capable, and committed to help ensure effective audit work.

**Objective 9:** Focus on developing high-quality internal audit systems in entities subjected to audits.
Principle 3: SAIs adopt audit standards, processes, and methods that are objective and transparent.

This principle requires SAIs to adopt auditing methodologies that comply with INTOSAI standards on the “ISSAI 100 - Fundamental Principles of Public-Sector Auditing”, and SAIs must make public these standards and the methodologies they adopted, in addition to the scope of application of these standards, based on the approved plans of the SAI, as well as its own risk assessment.

In addition, SAIs must also communicate with the bodies whose accounts have been audited, who in turn express their opinion on this audit, knowing that the SAIs must inform the bodies whose accounts are being audited of the objectives, methodology, and results of their audit function. In addition, the recommendations of the SAIs must be discussed by the body being audited.

SAIs must also provide effective mechanisms to follow up on their recommendations and the recommendations issued by the legislative authority to measure the extent to which the audited bodies are following and implementing the recommendations, provided that these procedures include allowing the concerned bodies to provide the necessary information about their implementation of the recommended steps or justifications for not implementing them. Here, SAIs must adopt a system that ensures quality of their auditing activities and reports, and the system must be subjected to a periodic independent review.

To follow up on the recommendations, SAIs can:
- Prepare progress reports as part of the periodic reports that are sent to the legislative authority, which provides an assessment of the government’s work on implementing the recommendations issued by the SAI and the legislative authority regarding the performance audit.
- In the annual reports, adopt an indicator to measure the number of recommendations that have been implemented.

In addition, to ensure transparency in their work, SAIs can:
- Publish their work methodology on their website, provided that it includes how to conduct financial and performance audits, as well as the tools used in the process.
- Publish a list of the planned performance audit functions on their website.
- Publish auditing reports on their website, provided that they include the responses and statements of the bodies involved in auditing.
- Be subjected to periodic external audits on their management of quality standards and publish the audits on their website.

The Legislative Decree regulating the work of the Court of Accounts defines the necessary procedures for auditing public entities and gives these entities the right to make their observations on the audit of the Court.

Nonetheless, there are no publications of standards and methodologies adopted in auditing nor publication of the scope of application of these standards based on the approved plans of the SAI, as well as its own risk assessment, in addition to the indicator for measuring the extent to which the recommendations are being implemented.
Sub-objective No. 9.4, titled “Review of the previous recommendations from the audits as current audit work”, under objective no. 9 of the “Strategic Plan of the Court of Accounts”, titled “Focus on developing high-quality internal audit systems in entities subjected to audits,” calls for a database of all previous audit recommendations, in addition to ensuring, at the beginning of each audit, that previous audit recommendations are reviewed as part of the current audit work.

It is necessary to publish these standards and mechanisms on the Court’s website, especially amidst the constant debate about fighting corruption in the public sector, for the role that the Court can play in this context is crucial, especially in terms of rationalizing public finances by ensuring the application of the laws and regulations in force. This is in light of the public’s right to access information, which is a basic human right guaranteed by the Lebanese Constitution.

**Principle 4: SAIs apply high standards of integrity and ethics for staff of all levels.**

This principle requires SAIs to adopt ethical rules or codes that are in line with INTOSAI standards on "ISSAI 130 - Code of Ethics"; which is built on five fundamental principles 1) integrity, 2) independence and objectivity, 3) competence, 4) professional behavior, 5) confidentiality and transparency.24 SAIs are required to prevent internal conflicts of interest and ensure transparency and legality of their work. Another requirement as per this principle is to encourage ethical behavior in the SAI and publishing the code of ethics for employees at the organization, including judges, inspectors/observers, auditors, and administrators. SAIs are also required to make public cases where these rules were violated and how to address them while preserving personal information.

For example, auditing institutions can:

- Follow the highest transparency and ethics standards in financial management.
- Adopt the code of conduct and code of ethics for employees.
- Adopt the code of ethics for judges in their work.
- Put judges under oath when they assume their positions.
- When there is conflict of interest, require inspectors/observers to sign a statement at the beginning of each task.
- Publish the travel and hospitality expenses of the head of the SAI and its senior staff.

The Legislative Decree regulating the work of the Court of Accounts does not address these matters; however, it addresses the oath that judges and other employees of the Court have to take. Sub-objective No. 5.1, titled "Preparation and Adoption of the Code of Conduct", under the fifth objective of the Court’s strategic plan, titled “Ensure official adoption, issuance, and publication of INTOSAI standards for the International Organization of Supreme Audit Institutions,” requires the development and publication of a code of conduct.

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24* ISSAI – 130 – Code of Ethics. ISSAI. Available at: https://www.issai.org/pronouncements/issai-130-code-of-ethics/
The plan stops there with regard to the application of the highest standards of integrity and code of ethics, as it does not address the ethical code for judges, nor does it mention the declaration of no conflict of interest by employees at the SAI or publication of travel and hospitality expenses, all of which must be included in the strategic plan of the Court.

**Principle 5: SAIs ensure that these accountability and transparency principles are not compromised when they outsource their activities.**

This principle addresses the need to ensure that the principles of accountability and transparency are not violated or compromised when the SAIs hire external parties to carry out some tasks. The work delegated to these parties remains within the responsibility of the SAIs and must be subject to the rules of conduct of these SAIs, especially in terms of non-conflict of interest. The principles of integrity and independence must also be preserved.

SAIs usually clearly specifies the terms of contracting with them, which include a declaration of non-conflict of interest with regard to the contract. The SAIs also publishes the contracts whose value exceeds a specific financial threshold.

Looking at the Legislative Decree regulating the work of the Court of Accounts, we find that Articles 80 of the Decree and 87 of the draft amendment only address hiring experts listed in the table applicable to the courts and employees of administrations and public institutions or unions of municipalities or municipalities, without providing for a guarantee of non-conflict of interest. However, the draft amendment, which was amended by the Justice and Administration Committee, notes in its 88th Article the possibility of hiring financial auditing or accounting offices. The Article stipulates that:

“The Court of Accounts and the Public Prosecution shall seek the assistance of financial auditing or accounting offices or consultants and experts in economics, engineering affairs, and other disciplines in performing the functions and tasks entrusted to them within the framework of auditing.”

This proposed amendment does not address ensuring non-conflict of interest on the part of external parties either. Therefore, work must be done to include in the draft law the necessary safeguards.

**Principle 6: SAIs manage their operations economically, efficiently, effectively and in accordance with laws and regulations and reports publicly on these matters.**

This principle requires from the SAIs an administrative governance that includes the rules of procedure, including the financial operations of the SAI, provided that this governance is in line with the INTOSAI Guidelines for Internal Control Standards for the Public Sector (INTOSAI GOV 9100)\(^2\). This governance includes making the financial statements of the SAIs public and subjecting them to an independent external audit or to a review by the competent authorities within the government, such as the legislative and/or the executive authority.

SAs also assesses their operations and performances in various fields, such as financial, performance, and compliance audits, and jurisdictional activities, in addition to program evaluation and evaluation of government work. To achieve this, SAs must develop their skills and expertise to carry out their tasks properly.

On the financial level, the SAs makes their total budgets public and report on the origin of their financial resources, whether it is from the general budget, grants, or any other source, and how these resources are used, in addition to preparing a periodic assessment report to measure the efficiency and effectiveness with which the financial resources are used. To achieve this, SAs may seek the assistance of audit committees, made up of a majority of independent members, to review and provide feedback on the financial management, as well as prepare reports about it. This occurs by adopting a performance indicators to determine the value of the audit work by sharing its results with the legislative authority and the public in particular and other stakeholders in general.

In order to measure their effectiveness in society, SAs adopt indicators to measure the extent to which their work is known among the public, as well as measure their impact on the rationalization of public finances.

Typically, performance indicators for SAs include the following information:

- Performance reports and their number.
- The percentage of delivery of the auditing program.
- Percentage of implementation of the recommendations made by the concerned bodies.
- The positive impact (benefits) on the financial and non-financial levels resulting from the implementation of the recommendations.
- Reports/studies/testimonials submitted to the legislative authority and their number.
SAs must abide by the legal deadlines when preparing and publishing the auditing reports, in addition to setting strict deadlines for preparing and publishing the above-mentioned assessments.

In order to achieve greater and more effective and efficient transparency, SAs can periodically conduct public consultations, whether in physical or digital form, to survey the satisfaction of stakeholders while ensuring both traditional and non-traditional media coverage. On the other hand, to involve the largest possible number of stakeholders and followers, SAs can relies on opinion polls via electronic media and use the results to develop their work.

SAs can also publish annual performance reports that include all indicators used by the SAI and their results, with a section devoted to the achievements of the year and available development opportunities, a section containing a list summarizing the objectives and results achieved, a section about stakeholder satisfaction surveys and opinion polls, and a section about the financial performance of the SAI, which includes wages, benefits, and audited financial statements.
As for the external assessment of the work of the SAIs, the latter can set performance goals based on the result of the external assessment, which is carried out by academic experts who assess the process of communication with the legislative authority, as well as the results of the performance audit and the quality of the report itself.

To facilitate these tasks, SAIs can establish a unit or committee for risk management and auditing, and the task of this committee is to prepare and apply indicators, write annual and special reports on risk assessment, and make recommendations to the SAI to develop its work in the auditing field.

As for the work of employees, the SAIs can provide mandatory training programs for employees on the appropriate skills and knowledge they need to carry out their audit work. This is carried out by signing agreements with professional training institutions.

Looking at the Legislative Decree regulating the work of the Court of Accounts, we find that the decree stipulates in Article forty-six for the publication of annual and special reports on the results of administrative auditing, provided that the annual report includes the responses and feedback of the relevant administrations and bodies and is published in the Official Gazette and in an independent paper as stated in article fifty. As for the draft amendment, Article fifty-two thereof amends Article forty-six of the Legislative Decree to include the results of the Court’s work and audit functions for the previous year and the reforms the Court proposes to improve the financial management carried out by the government and by other entities subject to its auditing, including proposing amendments that it sees fit to include in the legislative and regulatory texts. Article fifty-five of the draft amendment also amends Article fifty of the Legislative Decree to stipulate for publication in a special issue of the Official Gazette.

As for employee training programs, the Legislative Decree does not address these matters, but the draft amendment stipulates the following:

“The head of the Court of Accounts shall develop a draft of the Court’s expenditures and send it to the Minister of Finance, and in the event the draft is amended, the Council of Ministers shall issue a decision regarding it after hearing the head of the Court.

Appropriations in the budget of the Court of Accounts shall be audited for participation in conferences and training courses on financial auditing and accounting locally and abroad.”

Regarding the establishment of a unit or committee for risk management and auditing, the Legislative Decree and its draft amendment do not address this matter and therefore it is recommended to establish such a unit or committee within the Court, to institutionalize and facilitate work in relation to assessing its work.

The Legislative Decree does not regulate the relationship of the Court with the public, which is considered essential in gaining the confidence of the public in the government and its agencies; however, the fourth objective of the aforementioned strategic plan of the Court addresses how to consolidate this relationship.
As for the strategic plan of the Court, sub-objective No. 6.1, titled "Review of staff levels and increase audit resources to audit financial accounts and performance", under the sixth goal of the strategic plan, requires a full review of staff resources. Sub-objective No. 6.2, titled "Ensuring the Development of Work Plans for all Auditors", requires training of senior staff on how to develop a work plan for an auditor.

Sub-objective No. 8.1, titled “Develop a Continuous Career Development System for all Employees”, under the eighth objective of the strategic plan, titled “Ensure that employees are qualified, capable, and committed to help ensure effective audit work,” requires the development of human resources for a continuous career development system. Sub-objective No. 8.2, titled "Consider the possible professionalism of auditors," requires the issuance of a document explaining all possible options for the professionalism of auditors. Sub-objective No. 8.3, titled "Prepare and establish a staff evaluation system by the court of accounts", requires staff evaluation. Sub-objective No. 8.4, titled "Develop a Training Policy and Training Plan for the Court of Accounts," requires hiring an international expert to develop a training policy for the Court, assess technology needs, and modify the training plan. Sub-objective No. 8.5, titled "Provide comprehensive training on financial and performance auditing in accordance with the training plan", requires the international expert to prepare training courses and materials in addition to providing training.

Principle 7: SAIs report publicly on the results of their audits and on their conclusions regarding overall government activities.

This principle aims to clarify the importance of the relationship between SAIs and the public by presenting the best practices followed by SAIs. For example, SAIs measure and prepare reports about their impact on the efficiency and effectiveness resulting from the recommendations from their audits on the public sector and the value obtained from the audit work. In addition, SAIs, especially those constituted as courts, prepare reports on the penalties and sanctions imposed on accountants or managers.

SAIs also publishes their conclusions and recommendations resulting from the audits, in addition to other reports on the implementation of the general budget, the financial situation, and financial operations, and SAIs, through their legal relationship with the legislative authority's committees, help these committees understand the audit reports, conclusions, and recommendations in order to take the necessary and appropriate actions.

As mentioned, the Legislative Decree regulating the work of the Court of Accounts and its draft amendment do not adequately address all of the mentioned matters, unlike the strategic plan of the Court of Accounts, which we previously discussed, specifically when talking about its fourth objective. It is important to highlight the weight of this principle, without the reports being made public, there's likely to be little or no follow up on the reports from various stakeholders including CSOs. The public aspect of the reports in this sense serves as a deterrent for SAIs and public entities to make sure they do not undermine the relevant laws and regulations.
Principle 8: SAI s communicate timely and widely on their activities and audit results through the media, websites and by other means.

This principle lays down the means or methods that the SAI s should follow to ensure maximum transparency through the adoption of the policy of openness to the media about their audit work and results, and the SAI s should encourage public and academic interest in their conclusions.

SAI s should also provide abstracts of their audit reports and court judgements in their official language and in one of the official languages of INTOSAI, in addition to publishing reports and court judgements related to these abstracts, provided that this information is updated periodically and that these abstracts and reports are provided in an understandable format and language and made available to the public, and that they include infographics, video presentations, etc.

The Legislative Decree regulating the work of the Court of Accounts, or its draft amendment do not include texts related to this principle, on the other hand the objectives, that have already been presented from the Court of Accounts’ strategic plan, does address this principle.

Principle 9: SAI s make use of external and independent advice to enhance the quality and credibility of their work.

Under this principle, SAI s comply with INTOSAI international standards and conduct continuous networking between SAI s to exchange expertise and independently review each other’s work. SAI s also seeks an external and independent assessment of its work and its application of international standards. On the other hand, SAI s can seek the assistance of external experts for advice on technical matters related to auditing. Under this principle, SAI s publishes reports on the results of peer reviews of their work, in addition to external assessments.

The Legislative Decree, as well as its draft amendment, do not address the relationship of the Court of Accounts with its counterparts, as they only mention seeking the assistance of experts. Articles eighty of the Legislative Decree and eighty-seven of the draft amendment only address hiring experts listed in the table applicable to courts and employees of administrations and public institutions or unions of municipalities or municipalities, all of which was mentioned above when addressing the fifth principle in this paper. In addition, the strategic plan of the Court does not address the Court’s networking with its counterparts in other countries.
RECOMMENDATIONS

In light of the persistent problems confronting the Lebanese public finances, from failure to adopt a public budget and final accounts for years, to the failure to audit the accounts, the Court of Accounts has a major role in addressing these problems and rationalizing public finances. There is need to emphasize the necessity of adopting INTOSAI principles and standards by the Court in its work, as they would help any financial audit body in carrying out its tasks with the utmost professionalism and transparency, ensuring sound public finances and meeting the aspirations of citizens.

After presenting the INTOSAI principles on transparency and accountability under the Legislative Decree regulating the work of the Court of Accounts and its draft amendment, along with the strategic plan of the Court, the following recommendations are presented for adoption by the Lebanese Parliament and the Court of Accounts. This is to ensure compliance with the international principles and standards related to the work of SAIs, as this would have a positive impact on the rationalization of public finances and combating corruption in public sector, and on meeting the public’s constitutional Right to Access Information and gain its confidence, which in turn affects positively the confidence of citizens in the Lebanese government and its agencies.

Recommendations to the Lebanese Parliament

The following recommendations are presented to the Lebanese Parliament for adoption in the draft amendment of the Legislative Decree regulating the work of the Court of Accounts:

- Explicitly stipulate in Article 1 of the draft amendment that the Court of Accounts shall enjoy complete independence in its work to ensure neutrality and objectivity in its work.
- Replace the phrase “after consulting the Council of the Court” in Article 5 of the draft amendment, which specifies how to appoint the heads of chambers in the Court, with “based on the proposal of the Council of the Court.”
- Adopt electronic publication of the reports and all the work of the Court of Accounts in a searchable, copyable, and downloadable format as a general rule, in addition to publishing them in the Official Gazette and in independent papers, especially in Articles forty-six and fifty-five of the draft amendment of the Legislative Decree regulating the work of the Court of Accounts.

Recommendations to the Court of Accounts

- Publish information related to the Court of Accounts' relationship with public authorities and agencies on the Court's website.
- Publish the vision, mission, and values of the Court of Account on the Court's website.
- Publish the Court of Accounts' total budget on its website.
- Publish the work methodology of the Court of Accounts on its website, provided that it includes how to conduct financial and performance audits, as well as the tools used in the process.
- Publish annual and special reports, provided that they include the responses and statements of the bodies being audited, and all the work produced by the Court of Accounts on the Court’s website in a searchable, copyable, and downloadable format, in addition to publishing in the Official Gazette and independent papers, taking into account preserving personal information.
- Publish a list of the planned performance audit tasks on the Court of Accounts website.
- Publish the recommendations of the Court of Accounts to public agencies.

To follow up on the recommendations, SAIs can:

• Prepare progress reports with periodic reports and send them to the legislative authority, which provides an assessment of the government's work on implementing the recommendations issued by the SAI and the legislative authority regarding the performance audit.
• In the annual reports, adopt an indicator to measure the number of recommendations that have been implemented.

- Application of the highest standards of integrity and code of ethics, especially the ethical code for judges, declaration of non-conflict of interest by employees at the SAI, and publication of travel and hospitality expenses.
- Adopt periodic external audits on the Court of Accounts’ management of quality standards and publish the audits on the website.
- Establish a unit or committee within the Court of Accounts, as stipulated in legal texts, to institutionalize and facilitate work in relation to assessing the work of the Court, provided that this unit or committee includes external and independent members.