



# 2017 | INTEGRATED ANNUAL REPORT



# OUR VISION

MAKING A DIFFERENCE IN THE PERFORMANCE OF SAIs

## OUR MISSION

AFROSAI-E is, through innovation, committed to cooperate with and support its member SAIs to enhance their institutional capacity to successfully fulfil their audit mandates, thereby making a difference to the lives of citizens.

## OUR OBJECTIVES



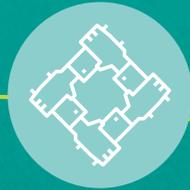
To support regional institutions in promoting good governance.



To promote and maintain relations with national, regional and international institutions specialising in issues affecting the audit of public resources.



To develop and share resources in the region.



To promote professional and technical development and cooperation among its members and other international and regional bodies such as AFROSAI and INTOSAI.



To enhance the audit performance of its members.

## OUR VALUES



Innovation and creativity



Developing competence



Enhancing confidence



Improving credibility



# OUR STORY



## WHAT IS AFROSAI-E?

We are a member-based institution with 26 Auditors-General from English-speaking African countries making up our Governing Board. We were established in 2005 with the shared vision to make a difference

in the performance of our member supreme audit institutions (SAIs). Through our Executive Secretariat, which is hosted by the Auditor-General of South Africa, members are empowered to optimise their

audit performance to comply with the INTOSAI Standards for Supreme Audit Institutions (ISSAIs) and, to strengthen their institutional capacity to effectively implement their mandate.

## 1 WHAT DO WE DO?

- We create opportunities for our members to share their knowledge and experiences with each other.
- We hold targeted in-country initiatives to train, support and capacitate members on specific focus areas.
- We hold regional and sub-regional training workshops on specific audit and institutional focus areas.
- We research and develop technical guidance manuals, handbooks, working papers and e-learning programmes.
- We support members to annually assess their own development needs through our Institutional Capacity Building Framework (ICBF) Self-Assessment survey.
- We establish country and regional quality assurance practices and conduct tri-annual quality assurance reviews to monitor compliance with the ISSAIs.

## 2 HOW DO WE DO THIS?

- With the outstanding support of our members that make experts resources available for training interventions across the region.
- With the incredible support from our institutional partners, not just in terms of funding, but also in terms of making expert resources available for specific interventions and to develop materials and guidelines.
- With a dedicated Secretariat team of highly skilled resources.

## 3 WHY DO WE DO THIS?

We want to support our members to ensure their governments can account for the public money they spend. Ultimately, our goal is to improve the lives of citizens in our member countries by strengthening governance processes for good public financial management.

# OUR MEMBER COUNTRIES



## ASSOCIATE MEMBERS



The African Union  
Commission



Pan African Federation  
of Accounting

## OUR DONORS, INSTITUTIONAL AND OTHER PARTNERS



# ABOUT OUR INTEGRATED REPORT

THIS IS OUR SIXTH CONSECUTIVE ANNUAL INTEGRATED REPORT. ALL OUR REPORTS ARE AVAILABLE ON OUR WEBSITE: [WWW.AFROSAI-E.ORG.ZA](http://WWW.AFROSAI-E.ORG.ZA).



## REPORTING POLICIES, PRINCIPLES AND PROCEDURES

This is a Global Reporting Initiative (GRI) referenced report and contains selected individual disclosures based on the GRI Standards as issued by the Global Sustainability Standards Board. The Disclosures and their location in this report are listed at the end of this report.

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) for Small and Medium Enterprises (SMEs) as issued by the International Accounting Standards Board.



## REPORT CONTENT, SCOPE AND BOUNDARY

This report includes information on the financial and non-financial performance information of the AFROSAI-E Secretariat for the period 1 January 2017 to 31 December 2017. The Secretariat is based in Pretoria, South Africa. No specific limitations were imposed on the scope and boundary of this report. It covers the activities of the Executive Secretariat established in terms of Article 7(1)(b) of the Statutes. The activities and the operations of member SAIs fall outside the boundary of this report. We report on member activities in a separate publication called the *2017 State of the Region: Institutional Capacity Building Framework Self-Assessment Report*.

Article 17(1) of the Statutes requires AFROSAI-E, to the extent possible, to implement an

integrated reporting approach. This report contains comprehensive information on the financial performance for AFROSAI-E based on our Corporate Plan for 2015 – 2019, the Work Plan and Budget for 2017 and; is in accordance with the Statutes and Regulations of AFROSAI-E as amended in May 2013.

These documents, along with the annual ICBF Self-Assessment Report, form part of our main accountability instruments and describe the short- to medium-term organisational goals and objectives, as well as the associated activities and interventions planned to ensure effective and efficient delivery of our organisational mandate.



## SIGNIFICANT RESTATEMENTS FROM PRIOR REPORTS

There were no restatements from the previous report.



## EXTERNAL ASSURANCE

The external audit firm O.M.A Chartered Accountants Inc. audited our financial statements that were prepared in accordance with the IFRS for SMEs.



## SIGNIFICANT CHANGES THE REPORTING PERIOD

There were no significant changes during the reporting period, which are not reflected in the integrated annual report.



## THE GOVERNING BOARD REMAINS ACCOUNTABLE

The Governing Board acknowledges its responsibility to ensure the integrity of this report and believes that it addresses all material issues, and fairly presents the integrated performance of the organisation.



# CHAIRPERSON'S REVIEW



I am very pleased to reflect on some of the key initiatives we are spearheading in our region, which demonstrates our desire to remain at the forefront of new developments that impact the public sector auditing environment.

One of the critical drivers of our organisation, is supporting our SAIs to remain relevant. With the ever-evolving environment in which we operate, that is no easy feat. Relevance of SAIs in today's world is very much linked to the value and benefits that we have for our citizens. Our communities are looking at us to be credible sources of information, not just on the state of government books, but also for insight on the broader effectiveness of our governments.

This sentiment was echoed in the two themes of the 2016 INCOSAI: *How INTOSAI can contribute to the UN 2030 Agenda for Sustainable Development Goals and, Professionalisation: what can promote INTOSAI's credibility to become a more prominent organisation.* Our own deliberations at the 2017 Governing Board meeting and the technical development work that was done this year are also strongly aligned to these themes.

I am very pleased to reflect on some of the key initiatives we are spearheading in our region, which demonstrates our desire to remain at the forefront of new developments that impact the public sector auditing environment.

Effective Public Finance Management is at the heart of good governance. At our 2017 Governing Board meeting, we deliberated

extensively on the role of SAIs to improve public finance management in our region. We confirmed that there is a need for a holistic framework to report on the state of public finance management on country level and potentially on a regional level. As this is a complex and multi-faceted task, we consulted extensively and met with a wide variety of experts, to develop a draft public finance management reporting framework.

Two of our members, SAI Ghana and SAI Mozambique are spearheading the drive to pilot this framework in 2018 and we look forward to learning from their experience.

Our strategic imperative of driving professionalisation of public sector auditors and accountants in Africa, is reflective of our drive to enable our SAIs to have credible voices in the public arena. Wide engagement, effective partnerships and buy-in from relevant stakeholders are key success factors for this initiative to have impact. The initiative was bolstered this year by the strengthening and establishment of key partnerships. The future of this initiative is now the shared responsibility of AFROSAI-E, the Pan African Federation of Accountants (PAFA) and the East and Southern African Association of Accountants-General (ESAAG).

Our active participation in the INTOSAI standard setting committees enabled us to proactively consider the impact of the changes in the INTOSAI standards (ISSAIs) adopted at the 2016 INCOSAI. The adoption of our new Financial Audit and Compliance Audit Manuals in November 2017, was therefore the culmination of an extensive research, development and consultation process that started more than two years ago. These Manuals not only reflect the latest changes in the ISSAIs, they are also more streamlined and user-friendly with clear guidance on how SAIs can achieve full compliance with the standards.

These initiatives are closely aligned to the 2030 Sustainable Development Goals (SDGs), particularly SDG 16: Peace, justice and strong institutions and SDG 17: Sustainable development through global partnerships. Through these innovative initiatives, I am confident we are taking the necessary bold steps to remain relevant as SAIs.

**LARA TAYLOR-PEARCE**  
CHAIRPERSON

# OVERSIGHT BY THE AUDITOR-GENERAL SOUTH AFRICA

## OVERSIGHT RESPONSIBILITY IN TERMS OF ARTICLE 11(3) OF THE STATUTES OF AFROSAI-E

In terms of article 11(3) of the Statutes of AFROSAI-E, the head of the SAI that hosts the Executive Secretariat have an oversight responsibility over the Executive Secretariat.

This oversight responsibility has been exercised monthly, as agreed in a memorandum of understanding (MoU) signed in 2016 between me and the Chairperson in terms of article 11 of the Statutes.

This report, which includes the audited financial statements, deals with the most relevant matters affecting the affairs of the organisation. One aspect that I specifically want to bring to the Governing Board's attention is that Ms Meisie Nkai formally took over from Mr Wessel Pretorius as Chief Executive Officer. I wish Meisie all the best in her new role. I also want to thank Wessel for his dedication towards AFROSAI-E and wish him all the best for the future. I am satisfied with the results achieved and can confirm that,

based on the activities reviewed, our organisation plays a pivotal role in the capacity building of our members.

The report is submitted simultaneously to the subcommittees established by the Governing Board in terms of article 7(2) of the Statutes, for scrutiny and recommendation to the Governing Board where necessary.

Yours faithfully,



**MR K MAKWETU**

AUDITOR-GENERAL OF SOUTH AFRICA



# REPORT BY CHIEF EXECUTIVE OFFICER



I would like to say a special word of thanks to the Auditors General of our member SAIs and their staff for their incredible support during my term in office.



It gives me great pleasure to submit our Integrated Annual Report for the year ended 31 December 2017 to the Governing Board for their consideration and approval as per the AFROSAI-E Statutes.

2017 marked the last year of my tenure as CEO. The Governing Board appointed my successor, Ms Meisie Nkau, following the approved recruitment process. Meisie officially joined the team on 1 September, thus ensuring an extensive four-month handover period. My responsibilities as CEO, in partnership with Meisie during the handover period, concluded on 31 December 2017.

It is an extremely challenging environment in which we operate, with expectations for SAIs to increase their impact increasing continuously. It requires a great deal of adaptability, innovation, resilience and perseverance to provide the necessary level of support to our members and meeting the expectations of our various stakeholders. During my tenure, I had the privilege and pleasure to work with an exceptionally professional Secretariat team, dedicated partners and the broader INTOSAI community. I truly commend you for your unwavering commitment to the ideal of making a difference in the

lives of citizens through effective public sector auditing.

I would like to say a special word of thanks to the Auditors General of our member SAIs and their staff for their incredible support during my term in office. Your passion to strengthen your institutions has been instrumental in making ours a region that is marked by exceptionally high level of commitment and participation in capacity building interventions.

I am confident that Meisie and the Secretariat team will continue to provide you with professional support. I wish you all the best on the complex and challenging journey, under difficult circumstances, towards achieving your development goals.

**WESSEL PRETORIUS**  
CHIEF EXECUTIVE OFFICER

It is with great excitement that I step into the role of CEO. The extensive four-month handover period enabled me to gain valuable insight on the achievements of AFROSAI-E to date and on our goals for the future. There are still a lot of challenges in the road ahead. But I am confident that with our dedicated Secretariat team, the continued backing from our partners and, the commitment of our members to implement change, we can achieve what we set out to accomplish.

I believe that we have an important role to play in the development of public sector auditing in our region and I am looking forward to being part of this journey.

**MEISIE NKAU**  
CHIEF EXECUTIVE OFFICER

# OUR GOVERNANCE ARRANGEMENTS



Our Governing Board consists of the Heads of the 26-member SAIs and is the supreme authority. The Governing Board has powers and responsibilities as set out in our Statutes. The Board members meets annually, and each Auditor-General is assigned to serve on one of the four oversight subcommittees:



Audit Subcommittee



Human Resources Subcommittee



Finance Subcommittee



Capacity Building Subcommittee

Our non-executive Chairperson, Mrs Lara Taylor-Pearce, the Auditor-General of Sierra Leone, is supported by the Vice Chairman, Mr M Munguambe, the President of the Tribunal de Administrativo from Mozambique.

## THE EXECUTIVE SECRETARIAT

The Auditor-General of South Africa host the Executive Secretariat of AFROSAI-E. The Secretariat is subject to the law of South Africa and is furthermore governed by the Statutes and Regulations.

For the period under review the Secretariat was headed by Mr Wessel Pretorius as Chief Executive Officer. His tenure as CEO concluded in December 2017 and, as per the Governing Board decision, Mrs Meisie Nkau succeeded him as CEO. Meisie joined the Executive Secretariat in September 2017 to ensure a comprehensive handover of the CEO duties and responsibilities.

# AFROSAI-E GOVERNANCE STRUCTURE



# A SUSTAINABLE AFROSAI-E



AFROSAI-E's Corporate Plan 2015-2019 presents, among other things, a risk assessment that points out various areas of risk to the achievement of the organisation's strategic imperatives. According to this assessment, the main risk area that the organisation faces (in terms of likelihood and impact) is long-term financial sustainability and continuation of donor support.

Against this background, we conducted a long-term sustainability research project that resulted in a framework for a Sustainability Plan. This framework is closely aligned to the strategic imperatives and operational interventions of the current Corporate Plan, while drawing on added research and analyses to make the best use of good practices and lessons learned in organisational sustainability.

## The framework makes use of:

- research into the meaning and importance of organisational sustainability,
- the results of feedback with a targeted sample of regional Auditor-Generals and their top management staff on our importance to members,
- a review of AFROSAI-E's current funding model and the funding models of similar bodies worldwide,
- an analysis of the IDI SAI Capacity Development Database to better understand the nature and extent of member SAI donor dependency,
- and a categorisation of specific types of risk associated with donor funding.

The study confirmed that, among other things, member SAIs have a strong interest in the organisation's long-term sustainability. During telephone interviews with heads of a sample of six member-SAIs and/or their top management staff, one of the questions posed was "What would happen if AFROSAI-E

ceased to exist?". The responses to this hypothetical question give an overall impression of member SAI's perceptions of the importance of AFROSAI-E for their own work and, in some cases, for other organisations in Africa and beyond.

Overwhelmingly, the responses showed that our member SAIs have a strong interest in the organisation's long-term sustainability.

The study found that the estimated total annual member SAI contribution to AFROSAI-E's financial resource base (i.e. membership fees and other support from member SAIs) amounted to more than 38% of total financial contributions, with 32% coming from the Auditor-General of South Africa that hosts the Executive Secretariat. The study also highlighted that the organisation will remain dependent on external donor support for the near future, as is the case in all the INTOSAI regions except for one. Therefore, the organisational sustainability of AFROSAI-E and that of its member SAIs are strongly interdependent. Almost half of our funding therefore comes from donor support to meet our aspirations. Dependency on a few donors to fill this gap, create a risk for sustainability and will be further investigated.

The framework that resulted from this study, translates our strategic commitment to reinforce resilience to external shocks into specific Strategic Pillars and practical sets of expected results that are closely aligned to the organisation's current Corporate Plan (2015-2019). The framework gives a coherent planning framework for a more detailed operational planning exercise that will follow in future.

# OVERVIEW OF OUR ACHIEVEMENTS IN 2017



17

Development Work – research & updating material



4

Management Development Programme



37

External stakeholder meetings



23

Training done in a specific country



32

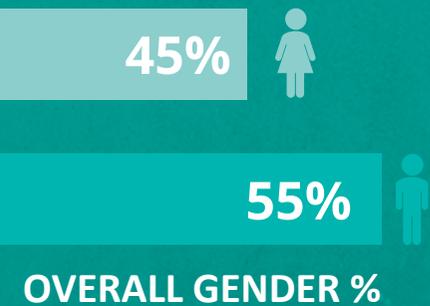
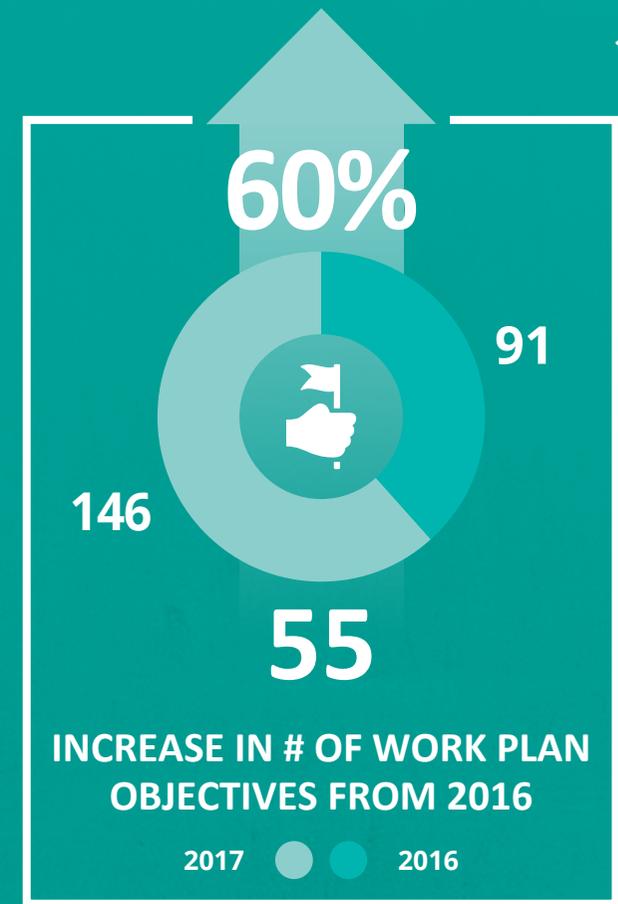
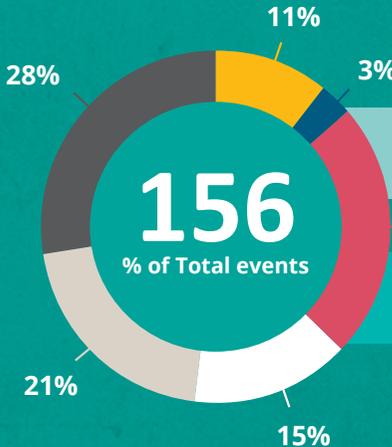
Support visits to SAIs and Quality assurance reviews\*\*



43

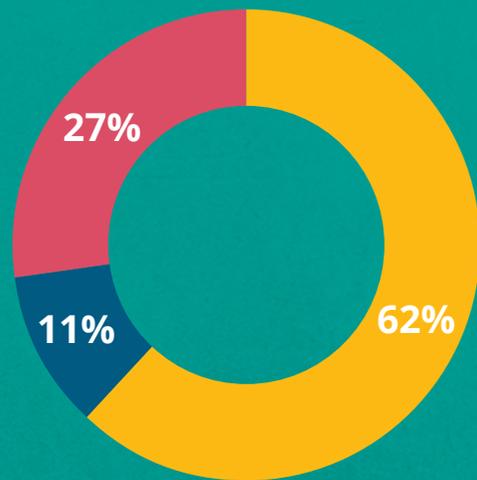
Training/customisation involving multiple countries

Total number of people involved with our activities and their gender breakdown

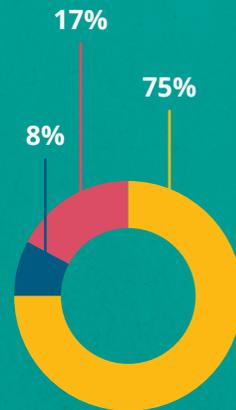


\*\* Not including staff from the SAI being reviewed

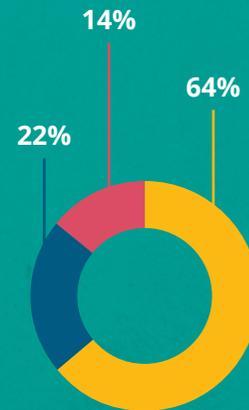
# STRATEGIC IMPERATIVES: PERFORMANCE IN 2017



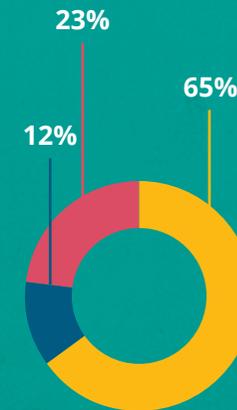
STRATEGIC IMPERATIVES:  
ACTUAL PERFORMANCE TOTALS



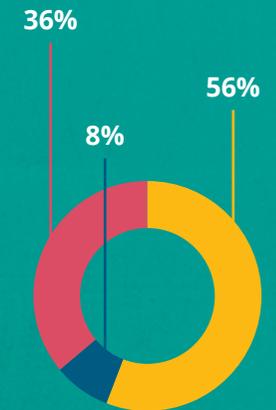
STRATEGIC IMPERATIVES 1



STRATEGIC IMPERATIVES 2



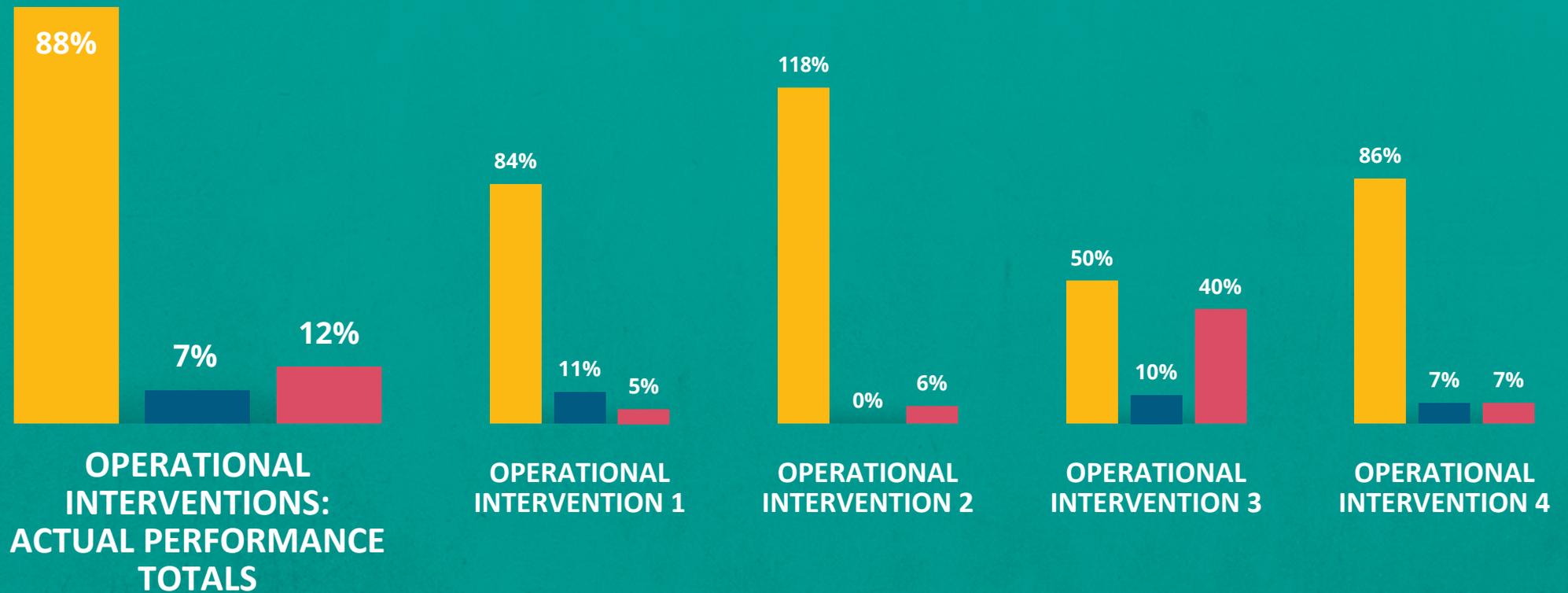
STRATEGIC IMPERATIVES 3



STRATEGIC IMPERATIVES 4



# OPERATIONAL INTERVENTIONS: PERFORMANCE IN 2017



● Performance target achieved    
 ● Performance target partially achieved    
 ● Performance target not achieved + postponed

# ACHIEVEMENTS ON OUR CORPORATE PLAN

## STRATEGIC IMPERATIVE 1

Professionalising public sector auditing and accounting

PLANNED  
ACTIVITIES

12

14

ACTUAL  
ACTIVITIES



**125**  
PARTICIPANTS

## EXPANDED PARTNERSHIPS AND PARTICIPATION BOLSTERS PROFESSIONALISATION DRIVE.

### CORPORATE PLAN DRIVERS 2015 - 2019

An interim oversight board established, driving the AFROSAI-E Professionalisation Strategy.

Accreditation framework established.

Agreements made with development partners and donors on funding interventions aligned with the Professionalisation Strategy.

Alignment with international practices secured.

### OUTCOMES IN 2017

#### Activities of the Interim Oversight Board, contributing to drive professionalisation initiative

The Board met three times in 2017 and grew substantially in this period from its original composition of five auditors general. Five new members joined the Board from the Pan African Federation of Accountants (PAFA). The IOB also welcomed the East and Southern African Association of Accountant Generals (ESAAG) as a partner in driving this initiative with the Accountants General of South Africa, Uganda, Rwanda, Tanzania and Botswana nominated to the Board. The ESAAG members will attend their first meeting in 2018. The IOB now includes 15 members.

#### Activities to implement the plan

We held two development workshops. The first focused on the professionalisation competencies framework. The framework was extensively workshopped to discuss the various perspectives and to consider the priorities for curriculum development. The second addressed the learning needs of public sector incumbents and how an accelerated learning programme could equip them with the competencies they need to meet the expectations of their jobs and provide a pathway to a professional designation.



We provided technical support to the International Federation of Accountants (IFAC) / (UK) Department for International Development (DFID) public sector professionalisation project in Zimbabwe. SAI Zimbabwe is an active participant and beneficiary of the project. Zimbabwe is the first country to apply the AFROSAI-E competencies framework.

We developed a comprehensive brochure which we shared widely throughout the year to broaden understanding of the professionalisation programme. In addition, work started to develop a unique brand identity for this initiative. This identity will be reflective of the joint ownership of this initiative with our regional partners and will be finalised in 2018.

### **Interactions with relevant role-players on Professionalisation and Good Financial Governance**

The success of the professionalisation initiative hinges on collaboration and strong partnerships between relevant role-players. We made good strides on this goal by forming a three-member partnership with PAFA and ESAAG to implement the professionalisation initiative. We began a programme of engagements with country-level stakeholders which included visits to Zimbabwe, Sudan and Tanzania.

We had multiple engagements with IFAC and its independent standard setting boards, who are actively supporting the initiative.

#### **In addition, we made use of opportunities to present and raise awareness at relevant conferences including:**

- The Association of Chartered Certified Accountants (ACCA) International Public Sector Conference
- The Zimbabwe Accountants Conference
- The African Congress of Accountants

In the past year we presented the initiative to the International Organisation for Supreme Audit Institutions (INTOSAI) Capacity Building Committee (CBC) and played an active role in the CBC's Task Force on Auditor Professionalisation. Through these engagements we can reflect the agenda and perspectives of our member countries on these international platforms.

Our stakeholders have recognised that we will only see the full impact of this initiative after 10 to 15 years of sustained effort. This sustained effort began in earnest during 2017 with awareness raising and gaining buy-in. Through these engagements we created broad awareness for the professionalisation initiative. The initiative is now recognised across the continent at the preminent intervention to address the shortage of professional accountants in the African public sector.

## STRATEGIC IMPERATIVE 2

Being a credible voice for beneficial change

PLANNED  
ACTIVITIES

14

13

ACTUAL  
ACTIVITIES



177  
PARTICIPANTS

## COMMUNICATING EFFECTIVELY WITH STAKEHOLDERS

### CORPORATE PLAN DRIVERS 2015 - 2019

Auditors trained and supported in presenting useful and practical audit findings that are easily understood by external users, including the legislature, audited entities, media and the general public.

Best practices to engage with the media are documented and shared amongst members SAls.

Awareness information presented to SAls' management on governments' provision, access and quality of open data.

SAls guided and supported in auditing performance information related to government objectives, service delivery and international agreements as part of the regularity audit, or where appropriate.

### OUTCOMES IN 2017

#### Strengthening SAI / Public Accounts Committee relations

We continued to support members to strengthen their relationship with Public Accounts Committees using the SAI/PAC Toolkit. During follow-up workshops in Botswana and Sudan, the SAls developed specific action plans to address areas for further development. A workshop was also held in Ghana to introduce the concepts and identify areas for further development.

#### Strengthening external stakeholder relations

In partnership with the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH or GIZ in short, we started with the development of an External Communication Toolkit. Throughout the course of the year we used the opportunities of the SAI/PAC workshops as well as the Communication practitioners workshop to do a needs analysis for the toolkit. We will distribute the Toolkit in 2018 via our Learning Management System and as a guideline.

We actively supported the INTOSAI Development Initiative (IDI) with the roll-out of their programme to support SAls to develop Stakeholder Engagement Strategies. We intend for the External Communication Toolkit to give participating SAls valuable supplementary information to compliment this programme. During the year, we took active steps to incorporate the Audit of Performance Information methods into the Compliance Audit Methodology as well as the guidance on the audit of Local Government.

Following the Compliance Audit workshop, four SAls (Zimbabwe, Zambia, Botswana and Namibia) began with piloting the new methodology, including the audit of performance information.

The audit of Local Government has a large focus on service delivery. It was therefore a logical move to also incorporate the audit of performance information into the training and guidance on the audit of local government. We held a training workshop to guide and support SAIs auditing performance information related to government objectives and service delivery at local government level.

**We supported our members in auditing international agreements in two major areas:**

▶ *IDI programme on the Audit of Externally Funded Projects in Agriculture and Food Security Sector*

The IDI signed an agreement with the International Fund for Agriculture Development (IFAD) to develop SAI capacity to audit IFAD projects. Seven of our member SAIs (Liberia, Malawi, Rwanda, Sierra Leone, Tanzania, The Gambia and Zambia) are taking part in the programme.

We supported our members by collaborating with the IDI and IFAD to conduct these audits using our new Financial and Compliance Audit Methodologies. Through this programme SAIs will be able to conduct audits of agricultural and food security sectors and reporting what government programmes and policies achieve and where they fail.

▶ *Memorandum of Understanding (MoU) with the Global Fund To Fight Aids, Tuberculosis And Malaria*

Through this MoU, the engagement strengthened relationships between the Global Fund and our member-SAIs to enhance oversight of Global Fund financed activities implemented by national governments and the detection and prevention of fraud and abuse.

The MoU and its activities provide opportunities for SAIs to increase their audit coverage by auditing Global Fund grants.

In 2017, we facilitated a collaborative pilot audit between SAI Zambia and the Office of the Inspector General of the Global Fund. This will hopefully result in a separate MoU in 2018.

## LEADING BY EXAMPLE

### CORPORATE PLAN DRIVERS 2015 - 2019

SAIs guided and trained on integrated reporting standards and practices.

SAIs guided and trained on integrating ethical and professional values, through all relevant materials and training.

### OUTCOMES IN 2017

The importance of SAIs reporting on their own performance in an integrated way, was a topic of discussion at the 2017 Strategic Review and Governing Board meeting. Later in the year, we conducted a workshop to train SAI participants on the Global Reporting Initiative Standards on integrated reporting. Eight SAIs attended the training and we hope that it will inspire them to prepare integrated reports on their own performance.

Into-SAINT is a self-assessment instrument that was introduced by INTOSAI in 2010. We have since then actively supported our member SAIs to use this tool to analyse their integrity risks and assess the maturity level of their integrity management systems. This is an important tool in the implementation of the INTOSAI Standard 30 on code of ethics. Intensive one-week Into-SAINT workshops were held in Malawi and Namibia to assist them in conducting the self-assessment.



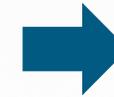
### STRATEGIC IMPERATIVE 3

Turning leadership from capacity into capability

PLANNED ACTIVITIES



ACTUAL ACTIVITIES



**277**  
PARTICIPANTS

## TARGETED LEADERSHIP DEVELOPMENT INTERVENTIONS

### CORPORATE PLAN DRIVERS 2015 - 2019

Design and deliver a leadership programme.

The Management Development Programme (MDP) further refined and delivered.

### OUTCOMES IN 2017 Senior Leadership Development Programme

We reviewed the outcomes of the Executive Leadership Development Programme (ELDP) that we executed in collaboration with the Swedish National Audit Office in 2015-16. We found that a streamlined three-workshop programme aimed at not only Deputy Auditors-General but also Senior Leadership, would best support our members to grow their leadership capacity.

We held the first two workshops of the newly designed Senior Leadership Development Programme (SLDP) in 2017 with 26 participants from six countries taking part. As with the ELDP, before we accepted a nominated participant to the programme, they first had to go through an external readiness assessment.

The SLDP requires all participating country teams to deliver on a project to improve the effectiveness and efficiencies of their SAI. Throughout the programme, they apply the learnings from the various modules to execute their projects. During the first two workshop, country teams defined their projects and compiled project charters.

The third and last workshop took place in early 2018 and we will give feedback on the implementation of the project charters in the next annual report.

### Management Development Programme

We continued to implement our management development programme throughout this year with workshops in Rwanda and Mauritius. In addition, we held a regional management development programme workshop for senior managers in South Africa.

## STRATEGIC IMPERATIVE 4

Turning leadership from capacity into capability

PLANNED  
ACTIVITIES

36

50

ACTUAL  
ACTIVITIES



449  
PARTICIPANTS

## INFORMATION TECHNOLOGY INNOVATION

### CORPORATE PLAN DRIVERS 2015 - 2019

An IT self-assessment tool developed to support needs assessments and development of IT strategies in SAIs.

IT covered in the AFROSAI-E quality assurance reviews.

The Audit Flow tool and E-learning in regularity and performance audit further developed and made available to SAIs.

Experiences and best practices documented on use of innovative IT methodologies in auditing, e.g. geospatial information systems.

### OUTCOMES IN 2017 IT/IT Audit Self Assessments

SAI Sudan implemented a full IT and IT Audit Self-Assessment. We supported Sudan with these assessments and in the development of the resulting strategies.

We also included IT Audit in five of the quality assurance reviews conducted in 2017 and the findings were communicated to the Auditors-General.

#### Audit software development and Electronic Working Papers

Following a training workshop on the revised IT Audit Manual, several SAIs started with pilot audits using the revised working papers. The aim being to increase alignment with other audits.

We made progress on developing the new Audit Flow tool by finalising the concept and requirements. This ongoing project to develop the audit flow software will continue in 2018.

#### IT Audit research & Innovative methodologies

We created an IFMIS community of practice that now includes the Heads of IT Audit of several SAIs. In addition to these knowledge sharing practices, we also continued with our participation in the INTOSAI Working Group on IT Audit to ensure our members are represented on this global platform.



We had the opportunity to give presentations at the 2017 EUROSAI Congress on both IT Audit developments and the regional implementation of the ISSAIs.

### E-learning innovation

We continued with efforts to develop e-learning programmes to supplement and support our training initiatives. The technical training materials for the joint Coastal Audit programme implemented in 2017/18 was made available to participating countries as an e-learning programme.

We redesigned the existing toolkit on strengthening relations between SAIs and public accounts committees as an e-learning programme. This programme now joins the Performance Audit Module 1, the Local Government Environmental Risk Management programme and our induction programme (available in English and Portuguese) in our e-learning portfolio.

Our learning management system was launched last year as a platform for members to access these programmes remotely. However, further development and funding will be needed in the years ahead to ensure the system is fully functional as an effective learning platform.

## GLOBAL DEVELOPMENTS

### CORPORATE PLAN DRIVERS 2015 - 2019

Guide SAIs on how to consider important national, regional and international developments and the incorporation thereof into strategic planning processes.

The ICBF framework, AFROSAI-E template manuals and the quality assurance methodology are appropriately aligned with other relevant assessments tools, such as the Performance Measurement Framework (PMF) and the ISSAI Compliance Assessment Tool (ICAT).

### OUTCOMES IN 2017 Global Participation

As the global body for supreme audit institutions, INTOSAI, in the form of its various committees, subcommittees, working groups and task forces, produce guidelines, technical materials and pronouncements that directly affect our member SAIs. We therefore continued our active involvement in a wide range of these platforms to represent our member interests and influence outcomes that affects our region.

Our participation ensured that our region remained up to date on the latest decisions related to audit standards and the inclusion of those developments in our guidance materials.



#### We actively participated in the following INTOSAI forums:

- Forum for INTOSAI Professional Pronouncements (FIPP)
- Professional Standards Subcommittee (PSC)
- Compliance Audit Subcommittee (CAS)
- Financial Audit and Accounting Subcommittee (FAAS)
- Performance Audit Subcommittee (PAS)
- Working Group on IT Audit (WGITA)
- Working Group on Extractive Industries (WGEI)
- Task Force on INTOSAI Auditor Professionalisation (TFIAP)
- INTOSAI Donor Steering Committee
- INTOSAI Development Initiative (IDI)
- INTOSAI Capacity Building Committee (CBC)

#### Regional Working Group participation

We also extend our support to other Regional Working Groups and take part when possible to share knowledge and experience.

#### In the past year we had several engagements with the following regional working groups:

- **AFROSAI** – actively participated in the 15th General Assembly and the Illicit Financial Flows conference.
- **PASAI** – Supported SAI Fiji to implement our new Financial Audit Manual.
- **ARABOSAI** – We signed a new memorandum of understanding and hosted a delegation from ARABOSAI for an intensive study tour to share information on our activities and experiences.
- **EUROSAI** – we were invited to present on our experiences and guidance materials related to the new Financial Audit Manual as well as our IT Audit programmes.

#### Participation on other platforms

- Illicit Financial Flows – this forum of African public finance role-players includes the African Organisation of Public Accounts Committees (AFROPAC), the African Organisation of Supreme Audit Institutions (AFROSAI), the African Tax Administration Forum (ATAF), and the Collaborative Africa Budget Reform Initiative (CABRI). We presented the AFROSAI-E perspective at the conference in Cameroon where the Declaration on Curbing Illicit Financial Flows through Good Financial Governance was signed as well as the subsequent panel discussion session held in Cape Town.
- Pan African Parliament (PAP) – we made two presentations to the PAP's committee on Audit and Public Account (CAPA).

The first on what AFROSAI-E does and areas of potential collaboration between our institutions, and the second on the Declaration on Curbing Illicit Financial Flows through Good Financial Governance.

- Information Systems Audit and Control Association (ISACA) – we presented on the topic: Integrated Financial Management Information System (IFMIS) in Africa at the ISACA Africa conference held in Ghana.
- South African Institute for Professional Accountants (SAIPA) – we were invited to present on the topic: Performance Audit in the context of critical success factors. This was an excellent opportunity to raise awareness on the value and benefit of performance audit in the broader national context.

## REGULARITY AUDIT

### CORPORATE PLAN DRIVERS 2015 - 2019

Regular systematic analyses of international and regional developments are documented, covering:

SAIs need for support to implementation of the general regularity audit methodology.

Need for development of sector-specific fact sheets and audit methodologies to support auditing in certain sectors.

Guidance and training provided on topic- or sector-specific issues, fact sheets or methodologies, for example in auditing:

- Disaster related aid
- Agriculture
- Supply chain management
- Extractive industries, including mining
- Infrastructure contracts
- Fiscal governance

### OUTCOMES IN 2017

#### Launch of the Financial Audit Manual (FAM) and Compliance Audit Manual (CAM)

Following the launch of the exposure draft FAM and CAM at the 2016 Technical Update, we held sub-regional and regional workshops to expose SAIs to the new methodology. The new guidance enables SAIs to clearly distinguish between financial and compliance audits. This not only follows the latest international audit standards developments, but it enables SAIs to conduct streamlined audits.

During this extensive consultation and piloting process, SAIs had the opportunity to influence the methodology to ensure it responds to the challenges they face.

We officially launched the final FAM and CAM at the 2017 Technical Update.

Internationally, SAIs are grappling with the complex challenge of combining financial and compliance audits, which are guided by separate standards. To further support our members, who must combine these audits as part of their annual audits, we developed a Factsheet with guidance on the issue. We are currently the only region producing guidance on this matter.

#### Topic / sector specific issues guidance and support

##### ► *Public Finance Management Reporting Framework*

The building blocks of good financial governance was one of the themes discussed at the 2017 Strategic Review and Governing Board Meeting. The Board members agreed that there is a need for an integrated public finance management reporting framework and tasked the Secretariat to begin with development work.

During a development workshop that included a diverse range of SAI representatives, partners and stakeholders, we drafted the framework. We presented the draft framework at the Technical Committee and at Technical Update to provide SAIs the opportunity to raise any comments, concerns or expectations to guide further development.

This is the first tool of its kind and at least two SAIs committed to pilot it in 2018.

It also links with the INCOSAI XXII Theme Paper on Sustainable Development Goals and the work that SAIs should do on (1) auditing national systems, and (2) assessing and support SDG 16.

#### ▶ *Extractive industries*

We held a combined workshop on the topics of the audit of Extractive Industries and Illicit Financial Flows. To gain a wide range of perspectives on these cross-cutting topics, the workshop included participation and presentations by the GIZ, ATAF and the Working Group on Extractive Industries (WGEI).

The 10 participating SAIs reported back on the results of the risk assessments they did on extractive industries in their respective countries and their experiences in implementing the audits. The AFROSAI-E framework for extractive industries country level risk assessments is unique to our region.

As part of our ongoing efforts to refine our guidance on auditing extractive industries, we updated our materials to incorporate a broader range of industries including the mining sector.

#### ▶ *Integrating environmental audit risks in Local Government Audits*

The SAIs of Botswana, Nigeria, Rwanda, Sierra-Leone and South Africa took part in this initiative, which we reported on extensively in the 2016 annual report. SAIs received training on how to integrate environmental audit risks in normal audit procedures at Local Government level. We captured the overall outcomes of the audits these SAIs did and published a summary publication.

#### ▶ *Local Government*

Local Governments are primarily concerned with issues of service delivery. For SAIs to make a difference in the lives of citizens, the audit of local government is therefore of significant importance. As part of our ongoing support and guidance to SAIs on this topic, we held a follow-up workshop in 2017.

During the 2016 workshop, SAIs developed action plans to implement the audit of local government guidance. Participants shared valuable insights on the progress made since then. SAI Botswana, who took part in the above-mentioned initiative on integrating environmental audit risks at audit at local government, also gave feedback on their experiences and outcomes.

We also introduced new guidance on topics affecting the local government sphere.

## PERFORMANCE AUDIT

### CORPORATE PLAN DRIVERS 2015 - 2019

Regular surveys documenting the SAIs' needs and interests for support on topic- or sector-specific audits.

Auditors guided and trained on topic- or sector-specific issues, fact sheets or methodologies in the broad areas of Democracy and good governance and Sustainable development in auditing for example:

- Systems that are inefficient and ineffective because of fraud and corruption
- Systems for performance management (possibly incl. the role of internal audit and audit committees)
- Infrastructure projects
- Environmental topics

### OUTCOMES IN 2017

#### Performance Audit contribution to the Sustainable Development Goals

All United Nations Member States jointly committed to the implementation of The Sustainable Development Goals (SDGs) in September 2015. Auditing of the SDGs is a complex task. To support our members on this topic, we held a development workshop to unpack the SDGs and understand the key focus areas for SAIs in contributing to the implementation, reporting and monitoring of the SDG goals and targets. This very informative workshop enabled SAIs to share their country experiences to implement the SDGs and was a valuable opportunity to define the role of SAIs. We've planned for another workshop to further develop this topic early in 2018.

#### Joint Coastal Audit

**This joint coastal audit project brought together SAIs from six countries and they were able to share information and knowledge on significant coastal risks in their countries. The project emphasises the following coastal conservation areas:**

- Coastal Management Governance
- Monitoring and Enforcement
- Impact of Climate Change
- Over-Fishing
- Coastal Pollution and Degradation.

The SAIs are currently in the reporting phase of the audit process. We plan to produce a joint audit report that highlights findings, root causes and lessons learnt in 2018.

# WINNER OF THE PRIZE FOR BEST PERFORMANCE AUDIT REPORT FOR 2016 **SAI TANZANIA**

SAI Tanzania won the prize for their report on Hygiene Control in Meat Production. This audit report highlighted, in a very clear and structured way, the serious problems with the hygiene control system and the resulting risks to the public. The SAI made substantial impact with this report which received attention by the media and this led to public debates of the issues. It also resulted in the closure of several abattoirs that were posing a public health risk.



Since 2008, we have, in co-operation with the Swedish National Audit Office (SNAO), awarded the Prize for the Best Performance Audit Report in the AFROSAI-E region. The purpose of this award is to stimulate the production of high quality, timeous performance audit reports in our region.

## OPERATIONAL INTERVENTION 1

Technical Capacity Building -  
Regularity Auditing

PLANNED  
ACTIVITIES

22

33

ACTUAL  
ACTIVITIES



478  
PARTICIPANTS

## CORPORATE PLAN DRIVERS 2015 - 2019

Need to update guidance materials considered and updates made on regular intervals:

- regularity audit manual (annually) •
- audit flow (annually) •
- other guidance (3 years intervals) •

SAls supported in conducting regularity audits according to the ISSAIs (including financial statements audit), e.g. through training of trainers, E-learning and support visits.

Quality assurance reviews carried out at least every 3rd year.

SAls' managers supported in performing supervision and reviews on audit files.

## OUTCOMES IN 2017 Financial and Compliance Audit Manuals

Following the release of the exposure drafts in 2016, 11 SAls implemented the new financial audit guidance and five SAls implemented the compliance audit guidance in pilot audits during 2017.

Feedback on the new manuals have been positive and we've made significant efforts to expose SAls through regional, sub-regional, in-country and refresher workshops to the new methodology. The final documents therefore benefitted from an extensive consultative process.

The customisation of these manuals on country level along with sub-regional train-the-trainer workshops will start in 2018.

### IT auditing

In 2017, we launched the first IT Audit Champions 3-Module programme. This programme targets IT Audit staff and involves training workshops and pilot audits. The Champions Programme enabled several SAls to conduct IT audits of specialised areas they had not previously audited.

We conducted in-country support visits to help members with the scoping and execution of their IT Audits. We also had training interventions on the revised IT Audit Manual and working papers, and some SAls have already started to pilot the revised methodology.



We gave further support to SAIs in the form of IT Audit Training for Regularity Auditors as well as IT Audit Training for New IT Auditors.

A collaborative IT audit on IFMIS Security involving SAI Zimbabwe and SAI Zambia started in 2017, with the Zimbabwe audit taking place in June. As both countries use the same platform (SAP) for their IFMIS, this was a good opportunity to benchmark the audits, share knowledge and incorporating new perspectives not previously considered. The Zambia audit will take place in 2018.

### **Quality Assurance reviews and building QA capacity**

To further grow the quality assurance capacity in the region, we developed a Quality Assurance Certification programme in accordance with the ISSAIs. We held two QC Certification workshops which included a total of 64 participants from members, institutional and other partners.

#### **The purpose of the QA Certification programme is to:**

- strengthen the credibility of the independent QA review processes and procedures within the region
- ensure greater consistency in QA practices
- result in a strong pool of certified QA professionals

We conducted Independent Quality Assurance Reviews at the SAIs of Botswana, Ethiopia, Lesotho, Malawi, Tanzania, Uganda, Zambia, The Gambia and Zimbabwe.

## OPERATIONAL INTERVENTION 2

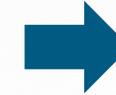
Technical Capacity Building -  
Performance Auditing

PLANNED  
ACTIVITIES

17

24

ACTUAL  
ACTIVITIES



367  
PARTICIPANTS

## CORPORATE PLAN DRIVERS 2015 - 2019

Need to update guidance materials considered and updates made on regular intervals:

- template performance audit manual (annually)
- audit flow (annually)
- performance audit handbook (5 years intervals)
- other guidance (3 years intervals)

Performance audit training provided to members in a flexible manner, considering SAIs in early stages of developing performance auditing and advanced tailor-made support and training.

Quality assurance reviews carried out every 4th year, with a follow-up review in between.

## OUTCOMES IN 2017 Guidance materials

All our materials, which include the Performance Audit Handbook, Audit Flow and Template Performance Audit Manual (PAM), were cross referenced to the new ISSAI framework. We have noted an increased interest to customise and use our performance audit materials and 3-Module PA course, as a tool to implement standards at SAI level.

### Performance Audit 3-Module Course

The 3-Module course has become a baseline for induction of performance auditors to in the region. Most SAIs use the 3-Module course as the minimum acceptable requirement to be deployed as a performance auditor. We held module workshops in Kenya, Mozambique and as a regional workshop in South Africa. We also implemented the full 3-Module course in Eritrea with their newly established performance audit unit.

Facilitators from the region are very active in presenting this training and thereby gain experience to supervise and comment on reports.

### Advanced training in performance audit qualitative and quantitative analysis

To address the need for advanced tailor-made support and training in performance audit, we started with these advanced training interventions late in 2016. Following the initial training, the SAIs of Malawi, Sudan and Swaziland piloted the materials during in-country support visits.

Through this advanced training, SAIs can increase the quality of their analyses of performance problems being audited, to validate their audit evidence in the quest to gather sufficient and appropriate evidence. This in turn builds a knowledge base for policy makers to launch more effective policy measures.

We also held a performance audit Supervision and Review workshop that included 25 participants. The workshop gave practical guidance on topical issues operational managers face daily. This training enables more focused audits, better reviewers, and improved relations between managers and their teams.

Memorandums of understanding with specific member-SAIs have helped to focus our performance audit support on critical areas for development. We conducted eight in-country support visits in terms of these agreements where we provided tailor-made interventions to support the unique challenges of the SAI.

We also facilitated the establishment of agreements between SAIs to support each other in developing their performance audit function. In terms of such an agreement, the SAIs of Uganda and Rwanda began with bilateral audits to strengthen their performance audit methodologies.

We see an overall improvement in the quality of audit reports produced by each passing year, proven for example by the rise in quality of the entries to the Prize for the best report.

### **Quality Assurance Reviews**

Performance audit was included in all the independent quality assurance reviews conducted in 2017. In addition, 20 performance auditors took part in the Quality Assurance Certification programme.

The results of the reviews enable us to note the level of advancement in each participating SAI. We are then able to plan more effectively for relevant and focused interventions that are unique to the individual environments.

## OPERATIONAL INTERVENTION 3

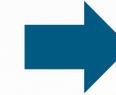
Institutional Level -  
SAIs

PLANNED  
ACTIVITIES

10

ACTUAL  
ACTIVITIES

5



208  
PARTICIPANTS

## CORPORATE PLAN DRIVERS 2015 - 2019

Need to update guidance materials considered and updates made on regular intervals:

- Communication handbook (5 years intervals)
- Human resources handbook (5 years intervals)
- Strategic planning handbook (5 years intervals)
- Other guidance (3 years intervals)

Tools made available supporting SAIs to develop, implement and maintain policies, procedures and tools related to corporate services.

SAIs provided with annual opportunities to exchange experiences on human resources management, communication and legal issues.

## OUTCOMES IN 2017 Human Resources

We completely revised our HR Handbook. This handbook enables SAIs to professionalise their HR function and customise their current HR practices. The handbook also gives best practice and practical examples from SAIs in the AFROSAI-E region.

The annual HR practitioners workshop, attended by 27 participants from seven countries, was based on the new HR Handbook. We also gave remote and on-site support to the SAIs of Zambia, Botswana, Lesotho, Namibia and Somalia to further develop their HR institutional capacity.

### Integrated Competency Framework for SAIs

A major undertaking was to develop a comprehensive integrated competency framework for SAIs. To develop this framework, we considered what the technical knowledge, skills and behavioural competencies are required from staff to achieve the SAI's key strategic goals.

The framework includes detailed information on the functional (technical) knowledge and skills as well as the behavioural and leadership competencies for staff on all levels in the SAI. A Competency Dictionary also includes definitions for all the competencies. This framework sets a benchmark for job profiling, performance management, training and development and the promotion of staff.

The SAIs of Namibia and Kenya have already applied the framework to develop HR strategies. We officially launched the framework at the Technical Update with feedback from these SAIs on their experiences thus far.



As part of our bilateral agreement with the SAI, we supported Lesotho with both HR and Communication interventions following the adoption of their new independence legislation in 2017. We will give ongoing support to the SAI to aid them during this transition period.

### Communication

We hosted the annual workshop for Communication practitioners in June 2017. The workshop gave ample time for practitioners to share their experiences and examples of internal and external communication in their SAI.

The workshop programme also included practical training sessions on specific communication channels and tools. These included the use of social media, live vs. planned media, storytelling techniques etc. The workshop participants also gave direct input to the development of guidance in the form of an external communication toolkit that will be rolled-out in 2018.

We also delivered sessions on effective internal communication at the MDP for DAG's workshop. In addition, we held report writing skills sessions at the Quality Assurance Certification workshops. A stand-alone programme on report writing will be developed in 2018.

## OPERATIONAL INTERVENTION 4

Executive Secretariat

PLANNED  
ACTIVITIES

9

9

\* ACTUAL  
ACTIVITIES



394  
PARTICIPANTS

## CORPORATE PLAN DRIVERS 2015 - 2019

Effective governing board meeting with subcommittees arranged annually.

Integrated annual report produced, with the financial statement audited and independent assurance reviews carried out.

Activity/SAI outcomes report based on ICBF self-assessment produced annually.

Annual work plans developed and implemented.

Corporate plan is monitored against the annual work plans.

Assessment carried out at the secretariat and proposed improvements considered and measures implemented.

Useful annual Technical Updates and refresher work-shops in English and Portuguese arranged.

## OUTCOMES IN 2017

Our Auditor Generals, partners and stakeholders met in Nairobi, Kenya from 8 – 11 May for the 2017 Strategic Review and Governing Board meeting. The format of the 2017 meeting was slightly different than earlier years in that it provided for strategic dialogue sessions for all members, partners and stakeholders prior to the closed session for board members.

As is the norm, the four subcommittees met prior to the full board meeting. We presented the 2016 integrated annual report, the ICBF Self-Assessment report as well as the annual work plan and budget at the relevant subcommittee meetings. The overall themes for the Strategic Review were the Key Drivers for Good Financial Governance and the Relevance of Reporting. These themes are related to our Corporate Plan drivers.

### The robust plenary, breakaway and panel discussions let to the following conclusions on these two themes:

- A comprehensive approach to analyse and report on areas for Public Finance Management improvement can aid the advancement of fiscal and financial governance in the region in line with ISSAI 12.
  - The Secretariat, in partnership with the GIZ was tasked with developing a draft framework to enable SAIs to report annually on PFM matters.
- SAIs should strive to be model institutions that lead by example in reporting on own performance
  - The Secretariat to host an integrated report writing workshop to train SAIs on the use of the integrated reporting standards
- There is a great need for SAIs to produce simple, clear and relevant reports that can be effectively interpreted and used by the media.
  - Report writing training should be prioritised for development

\* Excludes Secretariat staff activities

### **The annual Technical Update**

Close to 140 delegates attended the 2017 Technical Update, making this the best attended Update to date. The diverse programme that stretched over three and a half days, included presentations, feedback and discussion opportunities for almost all of the key programmes and initiatives we are currently implementing in the region.

One of the key features of the Update is the first-hand accounts by SAIs on their experiences with implementing our guidance. The feedback they provide, is not only critical for other SAIs to learn from and be inspired by, it also demonstrates the impact that we are making as AFROSAI-E.

In addition to the technical matters discussed, the programme also included a session on culture and values. Often considered a “soft issue”, the session made a major impact by showing the critical link between the organisational culture and the SAIs’ ability to be productive and effectively execute its mandate.

For the first time, we created a special website for the Technical Update. We updated the site in real-time with all the presentations and visuals as they happened. This enabled a wider reach, so that SAI staff not in attendance, could follow the proceedings and access the information.

# 2017 TECHNICAL UPDATE AWARDS: RECOGNITION OF EXCELLENCE



## SAI SUDAN

For excellence in implementing AFROSAI-E Performance Audit methodology.

## SAI UGANDA

For excellence in implementing the ISSAIs as reflected in the AFROSAI-E Quality Assurance results.

## SAI ZAMBIA

For excellence in implementing the AFROSAI-E Compliance Audit Manual pilot audit.

## SAI BOTSWANA

For excellence in implementing the AFROSAI-E Financial Audit Manual pilot audit.

## SAI ZIMBABWE

For excellence in implementing the AFROSAI-E IT Audit methodology.

# OUR EXECUTIVE SECRETARIAT TEAM

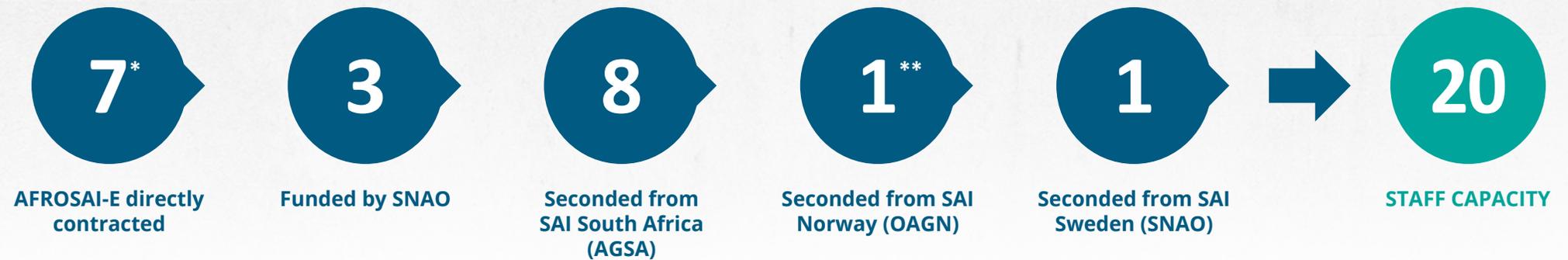
The number of staff fluctuated during 2017 because of contracts and secondment periods ending as well as new appointments. The staff establishment as at 31 December 2017 included 20 full-time positions. By the end of 2017 we filled nineteen of the full-time positions with a gender representation of 7 (37%) male and 12 (63%) female employees.

The contract period for the CEO, Wessel Pretorius concluded on 31 December. His successor Meisie Nkau, joined the organisation on 1 September. The secondment period for Esther Thomas

also concluded in December and she returned to the Office of the Auditor General of Norway. The Secretariat welcomed Rod Francis and Melissa Reddy as new contract appointments and Anashree Chetty on secondment from the AGSA.

The employment arrangements of the Secretariat personnel consist of a mixture of staff seconded from other SAIs, staff appointed and funded directly by AFROSAI-E and staff funded by the AGSA (as shown below).

## Positions funded by / seconded from:



## CODE OF CONDUCT

AFROSAI-E abides by a code of conduct, which is based on the INTOSAI code of ethics. All Secretariat staff members annually sign the code of conduct.

\* Secondments from the SAIs of Uganda and Zambia  
 \*\* Secondment period ended on 31 December 2017

<sup>6</sup> G4-9, 10; LA1, 12

<sup>7</sup> G4-56

# FINANCIAL OVERVIEW OF 2017

As referred to in the section on “A Sustainable AFROSAI-E” we initiated a research project to, amongst other things, analyse the impact on members if the AFROSAI-E Executive Secretariat is unable to function optimally. As in the case of many member-based organisations, we function on a cost equalisation principle and the Secretariat is dependent on membership fees and other financial support from donors to fund its operations.

We create value through centralised research, development training and bilateral support programmes to its members, thereby capacitating them to provide a professional public sector audit service. In adding value, the Secretariat strives for efficiencies in our processes while being committed to provide quality services and subscribe to high ethical business practices and standards.

According to the value-added statement (Table 1), membership fees contributed 6% towards the total value added in 2017 and AGSA, as host of the Secretariat, contribute 32% of the total. The contribution from AGSA increased from US\$485 909 in 2016 to US\$904 717 in 2017, primarily as a result of an increase in accommodation costs. The corresponding increase in operational expenditure is also evident in Table 1.

## Donor support, which accounted for 59% of the available funding, was received from:

- the Royal Norwegian Embassy (RNE) (US\$186 429) in South Africa,
- the Swedish International Cooperation Agency (SIDA) (US\$563 123),
- SNAO (US\$871 411), and
- the GIZ (\$15 713).

We entered into a new agreement with RNE, according to which they will fund 12 million Norwegian Kroner from 2017 to 2020.

Compared to 2016, the cost of training and technical development increased by 82% from US\$691 893 to US\$1 257 458 in 2017, approximately US\$508 per participant (2016: \$490); while operational expenditure increased by 64% from US\$1 037 808 to US\$1 701 875 – as noted in the AGSA increased support.

The net result for the year was an outflow of US\$ 178 806 (6%) which was funded by a carry-over from 2016.

	2017		2016	
	%	US\$	%	US\$
Membership fees	6	155 097	6	135 000
Donor funds	59	1 636 676	71	1 663 390
Support from AGSA	32	904 717	21	485 909
Other income	3	83 919	2	46 432
<b>Total value added</b>	<b>100</b>	<b>2 780 409</b>	<b>100</b>	<b>2 330 731</b>
<b>Applied as follows:</b>				
Capacity building (training and development) costs	45	1 257 457	30	691 893
Operational expenditure	61	1 701 876	45	1 036 825
Retained /(outflow) in the organisation	(6)	(178 924)	25	602 013
<b>Total value added</b>	<b>100</b>	<b>2 780 409</b>	<b>100</b>	<b>2 330 731</b>

**Table 1: Summary value-added statement for 2017 and 2016**

Organisation	2017	2016
	US\$	US\$
Swedish National Audit Office*	767 205	882 009
Office of the Auditor-General of Norway*	300 366	328 302
Member SAIs (2017: 9; 2016: 9 SAIs)**	1 599 344	693 122
<b>Total</b>	<b>1 666 915</b>	<b>1 903 433</b>

**Table 2: Contributions not reflected in the annual financial statements**

Membership fees and donor funding does not include all assistance received in the form of salaries, subsistence and travel expenditure and accommodation from institutional partners, donors and member countries.

There were also financial contributions which are not reflected in the annual financial statements. These contributions amounted to US\$1 666 915 in 2017 (2016: US\$1 903 433) (Table 2).

Nine SAIs provided information regarding the costs incurred for 2017. The average per SAI was US\$66 594 (2016: US\$77 013). This equates to approximately US\$1 731 438 (2016: US\$2 002 352) in total if extrapolated to all 26 member countries.

**The direct costs incurred included:**

- Hosting of events, meetings or workshops where the SAI pays for conference costs etc.;
- Subsistence and travel costs incurred to send participants to training events or to attend AFROSAI-E related events.

\* Converted using the US\$ exchange rate as at 31 December 2017

\*\* As per information received from member SAIs

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



# GOVERNING BOARD'S RESPONSIBILITIES AND APPROVAL

Our Statutes require the Governing Board to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of AFROSAI-E as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditor is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the IFRS for SMEs and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Governing Board acknowledges that they are ultimately responsible for the system of internal financial control and place considerable importance on maintaining a strong control environment. To enable the Governing Board to meet these responsibilities, it sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout AFROSAI-E and all employees are required to maintain the highest ethical standards in ensuring our business is conducted in a manner that in all reasonable circumstances is above approach. Our focus of risk management is on identifying, assessing, managing and monitoring all known forms of risk across the organisation.

While operating risks cannot be fully eliminated, we endeavours to minimise it by ensuring the appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Governing Board is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Governing Board has reviewed the cash flow forecast for the year up to 31 December 2018 and, in the light of this review and

# GOVERNING BOARD'S RESPONSIBILITIES AND APPROVAL

the current financial position, they are satisfied that AFROSAI-E has access to adequate resources to continue in operational existence for the foreseeable future. The Board is not aware of any material event which occurred after the reporting date and up to the date of this report.

In terms of Article of the Statutes and Regulations these financial statements are signed on behalf of the Governing Board by the Head of Supreme Audit Institutions (SAIs) hosting the Secretariat and the Chief Executive Officer.

The external auditors are responsible for independently auditing and reporting on AFROSAI-E's financial statements. The financial statements have been examined by the external auditors and their report is presented on the next page. The financial reports, which were prepared on the going concern basis, and were approved by the Governing Board on 10 May 2018 and signed on its behalf.



**MS MEISIE NKAU**  
CHIEF EXECUTIVE OFFICER

*On behalf of the Governing Board*



**MR K MAKWETU**  
AUDITOR-GENERAL OF SOUTH AFRICA

*On behalf of the Governing Board in his capacity as Head of the SAI hosting the Secretariat.*

# AUDIT REPORT

## REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF AFRICAN ORGANISATION OF ENGLISH-SPEAKING SUPREME AUDIT INSTITUTIONS



### OPINION

We have audited the financial statements of African Organisation of English-speaking Supreme Audit Institutions set out on pages 46 to 60, which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of African Organisation of English-speaking Supreme Audit Institutions as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Statutes and Regulations of AFROSAI-E.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are

further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### OTHER INFORMATION

The members are responsible for the other information. The other information comprises the Members' Report as required by the Statutes and Regulations of AFROSAI-E. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF THE MEMBERS FOR THE FINANCIAL STATEMENTS

The members are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Statutes and Regulations of AFROSAI-E, and for such internal control as the

members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:**

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members.
- Conclude on the appropriateness of the members' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists,

we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**O.M.A Chartered Accountants Incorporated**

**OSMAN MOOSA**  
DIRECTOR

*Registered Auditor | 10 May 2018*

# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note(s)	2017 (\$)	2016 (\$)
<b>Assets</b>			
Non-Current Assets			
Property, plant and equipment	2	96 423	119 747
Current Assets			
Trade and other receivables	4	405 111	103 285
Cash and cash equivalents	5	671 577	959 410
		<b>1 076 688</b>	<b>1 062 695</b>
<b>Total Assets</b>		<b>1 173 111</b>	<b>1 182 442</b>
<b>Reserves and Liabilities</b>			
<b>Reserves</b>			
Reserves		179 880	99 091
Retained income		696 981	922 434
		<b>876 861</b>	<b>1 021 525</b>
<b>Liabilities</b>			
Current Liabilities			
Trade and other payables	6	145 929	95 982
Deferred income	8	150 321	64 935
		<b>296 250</b>	<b>160 917</b>
<b>Total Reserves and Liabilities</b>		<b>1 173 111</b>	<b>1 182 442</b>

# STATEMENT OF COMPREHENSIVE INCOME

	Note(s)	2017 (\$)	2016 (\$)
Revenue	10	2 696 490	2 284 299
Other income		65 165	37 191
Operating expenses		(2 959 333)	(1 728 718)
<b>Operating (loss) profit</b>	<b>11</b>	<b>(197 678)</b>	<b>592 772</b>
Investment revenue		18 754	9 241
<b>(Loss) profit for the year</b>		<b>(178 924)</b>	<b>602 013</b>
Other comprehensive income		-	-
<b>Total comprehensive (loss) income for the year</b>		<b>(178 924)</b>	<b>602 013</b>

# STATEMENT OF CHANGES IN EQUITY

	Foreign currency translation reserve (\$)	Distributable reserves (insurance) (\$)	AFROSAI-E membership Fees (\$)	Total reserves (\$)	Retained income (\$)	Total reserves (\$)
<b>Balance at 01 January 2016</b>	<b>(273 546)</b>	-	<b>318 864</b>	<b>45 318</b>	<b>360 921</b>	<b>406 239</b>
Profit for the year	-	-	-	-	602 013	602 013
Other comprehensive income	12 440	833	40 500	53 773	-	53 773
<b>Total comprehensive income for the year</b>	<b>12 440</b>	<b>833</b>	<b>40 500</b>	<b>53 773</b>	<b>602 013</b>	<b>655 786</b>
Transfer between reserves	-	-	-	-	(40 500)	(40 500)
<b>Total changes</b>	-	-	-	-	<b>(40 500)</b>	<b>(40 500)</b>
<b>Balance at 01 January 2017</b>	<b>(261 106)</b>	<b>833</b>	<b>359 364</b>	<b>99 091</b>	<b>922 434</b>	<b>1 021 525</b>
Loss for the year	-	-	-	-	(178 924)	(178 924)
Other comprehensive income	30 477	3 783	46 529	80 789	-	80 789
<b>Total comprehensive loss for the year</b>	<b>30 477</b>	<b>3 783</b>	<b>46 529</b>	<b>80 789</b>	<b>(178 924)</b>	<b>(98 135)</b>
Transfer between reserves	-	-	-	-	(46 529)	(46 529)
<b>Total changes</b>	-	-	-	-	<b>(46 529)</b>	<b>(46 529)</b>
<b>Balance at 31 December 2017</b>	<b>(230 629)</b>	<b>4 616</b>	<b>405 893</b>	<b>179 880</b>	<b>696 981</b>	<b>876 861</b>

# STATEMENT OF CASH FLOWS

	Note(s)	2017 (\$)	2016 (\$)
<b>Cash flows from operating activities</b>			
Cash (used in) generated from operations	13	(337 301)	617 976
Interest income		18 754	9 241
Distributable reserves (insurance)		3 783	833
Foreign currency translation reserves		30 477	12 440
<b>Net cash from operating activities</b>		<b>(284 287)</b>	<b>640 490</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(3 837)	(120 333)
Exchange rate variance on disposed assets	2	291	-
<b>Net cash from investing activities</b>		<b>(3 546)</b>	<b>(120 333)</b>
<b>Total cash movement for the year</b>		<b>(287 833)</b>	<b>520 157</b>
Cash at the beginning of the year		959 410	439 253
<b>Total cash at end of the year</b>	5	<b>671 577</b>	<b>959 410</b>

# ACCOUNTING POLICIES

## 1. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Statutes of AFROSAI-E. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in US Dollar.

These accounting policies are consistent with the previous period.

### 1.1 FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency in which transactions are recorded is South African Rand (ZAR). The presentation currency of the Annual Financial Statements is United States Dollar (USD).

### 1.2 TRANSACTIONS AND BALANCES

Foreign currency transactions are translated to the functional currency using the average spot rate applicable for the month.

Gains and losses from settlement and translation of the monetary liabilities and assets translated at closing rates are reported in the Foreign Currency Translation Reserve (FCTR), in the Statement of Financial Performance (SFP).

### 1.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is subsequently stated at cost

less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

**The useful lives of items of property, plant and equipment have been assessed as follows:**

Item	Depreciation method	Average useful life
Motor vehicles	Straight line	4 years
Office equipment	Straight line	6 years
IT equipment	Straight line	3 years

# ACCOUNTING POLICIES

Assets, including intangible assets with a cost price of less than US\$ 500, are fully depreciated in the year it's brought into use.

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

## 1.4 INTANGIBLE ASSETS

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses.

Research and development costs are recognised as an expense in the period incurred.

**Amortisation is provided to write down the intangible assets, on a straight-line basis, as follows:**

**Computer software    2 years**

## 1.5 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**A financial asset/(liability) is:**

A contractual right/(obligation) to receive/(pay) cash to another entity, or exchange financial assets or liabilities with another entity under conditions that are potentially favourable/(unfavourable).

Financial assets/(liabilities) are recognised on the entity's statement of financial position when the entity becomes party to the contractual provisions of the instrument.

Classification depends on the purpose for which the financial instrument was obtained/incurred and takes place at initial recognition.

**The entity classifies financial assets and financial liabilities as follows:**



### Trade and other receivables

Trade receivables are amounts claimable from another party owing to contractual or legal rights, other than investments. Trade receivables are recognised when it is probable that economic benefits will flow to the entity and the amount can be measured reliably. Trade receivables are carried at original invoice amount less allowance for any uncollectable amounts. An allowance for estimated irrecoverable amounts is recognised in profit or loss when there is objective evidence that the asset is impaired.

# ACCOUNTING POLICIES



## Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.



## Trade and other payables

Trade payables are amounts owing to another party due to contractual or legal rights and are recognised when it is probable that economic benefits will flow from the entity and the amount can be measured reliably. Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.



## Derecognition of financial assets (liabilities)

Financial assets (liabilities) are de-recognised when the contractual rights to the cash flows from the asset/(liability) expire, or when it transfers the financial asset (liability) and substantially all the risks and rewards of ownership of the asset (liability) to another entity.

## 1.6 REVENUE

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.



## Membership fees

Revenue from membership fees is recognised when fees become due.



## Donor funding

Donor funding is accounted for through the Statement of Financial Position and the Statement of Comprehensive Income.

Donor funding with no conditions attached is recognised in Statement of Comprehensive Income when they become receivable.

Donor funding with conditions attached is presented as deferred

Income in the Statement of Financial Position. This will be recognised as revenue as and when the conditions are met.



## Investment income

Interest income is accrued on a time proportion basis, taking into account the principal amount outstanding and the effective interest rate over the period to maturity.

## 1.7 TAXATION

No provision has been made for taxation, as AFROSAI-E is exempt from income tax in terms of section 10 of the Income Tax Act, 1962 (Act 58 of 1962).

# NOTES TO THE FINANCIAL STATEMENTS

## 2. Property, plant and equipment

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Motor vehicles	45 122	(23 141)	21 981	40 710	(14 325)	26 385
Office equipment	65 156	(19 112)	46 044	62 301	(12 441)	49 860
IT equipment	47 522	(19 124)	28 398	52 958	(9 456)	43 502
<b>Total</b>	<b>157 800</b>	<b>(61 377)</b>	<b>96 423</b>	<b>155 969</b>	<b>(36 222)</b>	<b>119 747</b>

### Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Foreign exchange movements	Depreciation	Closing balance
Motor vehicles	26 385	-	-	2 418	(6 822)	21 981
Office equipment	49 860	1 202	-	4 770	(9 788)	46 044
IT equipment	43 502	2 635	(4 796)	3 642	(16 585)	28 398
	<b>119 747</b>	<b>3 837</b>	<b>(4 796)</b>	<b>10 830</b>	<b>(33 195)</b>	<b>96 423</b>

### Reconciliation of property, plant and equipment - 2016

Motor vehicles	9 860	26 211	-	(4 727)	(4 959)	26 385
Office equipment	9 468	46 791	(289)	(2 164)	(3 946)	49 860
IT equipment	108	47 331	-	(266)	(3 671)	43 502
	<b>19 436</b>	<b>120 333</b>	<b>(289)</b>	<b>(7 157)</b>	<b>(12 576)</b>	<b>119 747</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 3. Intangible assets

	2017			2016		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	625	(625)	-	564	(564)	-

## Reconciliation of intangible assets - 2016

	Opening balance	Foreign exchange movements	Amortisation	Total
Computer software	273	(124)	(149)	-
			<b>2017 (\$)</b>	<b>2016 (\$)</b>

## 4. Trade and other receivables

Trade receivables	297 060	17 720
Prepayments	64 445	63 565
SAI foreign receivables	43 606	22 000
	<b>405 111</b>	<b>103 285</b>

# NOTES TO THE FINANCIAL STATEMENTS

	2017 (\$)	2016 (\$)
<b>Trade and other receivables past due but not impaired</b>		
At 31 December 2017, trade and other receivables amounting to \$43 606 (2016: \$22 000) were past due but not impaired.		
<b>The ageing of amounts past due but not impaired is as follows:</b>		
SAI Angola	21 700	14 000
SAI Ethiopia	7 700	-
SAI Liberia	1 123	-
SAI South Sudan	4 400	-
SAI Swaziland	450	-
SAI Namibia	500	-
SAI Somalia	-	3 000
SAI Nigeria	7 733	5 000
	<b>43 606</b>	<b>22 000</b>
<b>5. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	939	1 839
Bank balances	670 638	957 571
	<b>671 577</b>	<b>959 410</b>

# NOTES TO THE FINANCIAL STATEMENTS

	2017 (\$)	2016 (\$)
<b>Basket accounts</b>		
US Dollar Account	256 329	582 289
ZAR Current Account	1 126	2 108
ZAR Call Account	451	9 335
<b>Membership accounts</b>		
US Dollar Account	158 082	148 308
ZAR Investment Account	254 628	215 509
<b>Other accounts</b>		
US Dollar Account (IDI)	20	20
US Dollar Account (World Bank)	2	2
Cash on hand	939	1 839
	<b>671 577</b>	<b>959 410</b>
<b>6. Trade and other payables</b>		
Trade payables	55 433	66 335
Accrued leave pay	49 693	29 647
Accrual for straightlining of rental payments	40 803	-
	<b>145 929</b>	<b>95 982</b>

# NOTES TO THE FINANCIAL STATEMENTS

	2017 (\$)	2016 (\$)
<b>7. Retained income</b>		
An amount of \$46 529 (30%) of membership fees has been retained as per decision taken on 11 October 2004 by the Governing Board, and as disclosed in the Statement of Changes in Equity. The amount of \$108 568 (70%) has been transferred to the USD Donor account.		
<b>8. Deferred income</b>		
AGSA - overheads contributions received in advance	128 589	-
Membership fees prepaid	18 987	27 512
Long term experts	2 745	37 423
	<b>150 321</b>	<b>64 935</b>
<b>Breakdown of the prepaid membership fees is as follows:</b>		
SAI Ghana	-	7 700
SAI Rwanda	-	3 300
SAI Sierra Leone	-	3 300
SAI Sudan	5 129	2 712
SAI Tanzania	7 766	-
SAI Uganda	6 092	5 500
SAI Zambia	-	5 000
	<b>18 987</b>	<b>27 512</b>

# NOTES TO THE FINANCIAL STATEMENTS

	2017 (\$)	2016 (\$)
<b>9. Contribution from the Auditor-General South Africa</b>		
<b>Secretariat support</b>		
Seconded AGSA staff - salaries refunded to AGSA	-	(53 660)
Staff remuneration	501 388	294 708
Contributions towards other expenses	403 329	244 861
	<b>904 717</b>	<b>485 909</b>
<b>10. Revenue</b>		
Donor contributions	2 541 393	2 149 299
Membership fees	155 097	135 000
	<b>2 696 490</b>	<b>2 284 299</b>
<b>11. Operating (loss) profit</b>		
<b>Operating (loss) profit for the year is stated after accounting for the following:</b>		
<b>Operating lease charges</b>		
Premises		
• Contractual amounts	165 526	-
• Straightlining of rental payments	38 324	-
	<b>203 850</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

	2017 (\$)	2016 (\$)
Loss on disposal of property, plant and equipment	4 505	289
Loss (profit) on exchange differences	221	(1 095)
Amortisation on intangible assets	-	149
Depreciation on property, plant and equipment	33 195	12 576
<b>12. Auditor's remuneration</b>		
Fees	8 439	7 072
<b>13. Cash (used in) generated from operations</b>		
(Loss) profit before taxation	(178 924)	602 013
<b>Adjustments for:</b>		
Depreciation and amortisation	33 195	12 725
Loss on disposal of assets	4 505	289
Interest received	(18 754)	(9 241)
Foreign exchange movements - PPE	(10 830)	7 281
<b>Changes in working capital:</b>		
Trade and other receivables	(301 826)	(39 980)
Trade and other payables	49 947	13 332
Deferred income	85 386	31 557
	<b>(337 301)</b>	<b>617 976</b>

# NOTES TO THE FINANCIAL STATEMENTS

	2017 (\$)	2016 (\$)
<b>14. Commitments</b>		
<b>Operating leases - as lessee (expense)</b>		
<b>Minimum lease payments due (straightlined expense)</b>		
• within one year	(217 033)	(194 402)
• in second to fifth year inclusive	(868 134)	(777 610)
• later than five years	-	(194 402)
	<b>(1 085 167)</b>	<b>(1 166 414)</b>

Operating lease payments represent rentals payable by the organisation for its office properties. The term of the lease was agreed to be for six years until 31 December 2022. A period of 5 years remains in the lease. No contingent rent is payable.

# DETAILED INCOME STATEMENT

	Note(s)	2017 (\$)	2016 (\$)
<b>Revenue</b>			
Donor contributions			
• Royal Norwegian Embassy (South Africa)		186 429	646 420
• SIDA		563 123	578 313
• Swedish National Audit Office		871 411	438 657
• GIZ (German Development Cooperation)		15 713	-
Support from Auditor General South Africa		904 717	485 909
Membership fees		155 097	135 000
	<b>10</b>	<b>2 696 490</b>	<b>2 284 299</b>
<b>Other income</b>			
Interest received		18 754	9 241
Profit on exchange differences		-	1 095
Sundry income		65 165	36 096
		<b>83 919</b>	<b>46 432</b>

# DETAILED INCOME STATEMENT

	Note(s)	2017 (\$)	2016 (\$)
<b>Operating expenses</b>			
Auditors' remuneration	12	(8 439)	(7 072)
Depreciation, amortisation and impairments		(33 195)	(12 725)
Lease rentals on operating lease (Straightlined)		(203 851)	-
Operating expenses – secretariat		(99 756)	(96 300)
Professional fees – secretariat		(1 331 614)	(913 639)
Minor assets write-off		(9 568)	(2 989)
Printing & Stationery		(10 727)	(3 811)
Loss on disposal of assets		(4 505)	(289)
Loss on exchange differences		(221)	-
Project expenses		(1 257 457)	(691 893)
		<b>(2 959 333)</b>	<b>(1 728 718)</b>
<b>Loss for the year</b>		<b>(178 924)</b>	<b>602 013</b>

# GRI INDEX

This report contains selected individual disclosures based on the GRI Standards as issued by the Global Sustainability Standards Board. A list of the Disclosures and their location in this report is provided below:

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G4-3	3	G4-32	5
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G4-10	38	G4-56	38
G4-13			
<b>Identified material aspects and boundary</b>		<b>SPECIFIC STANDARD DISCLOSURES</b>	
G4-18	5	<b>Employee turnover</b>	
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# CONTACT THE EXECUTIVE SECRETARIAT

## Physical address

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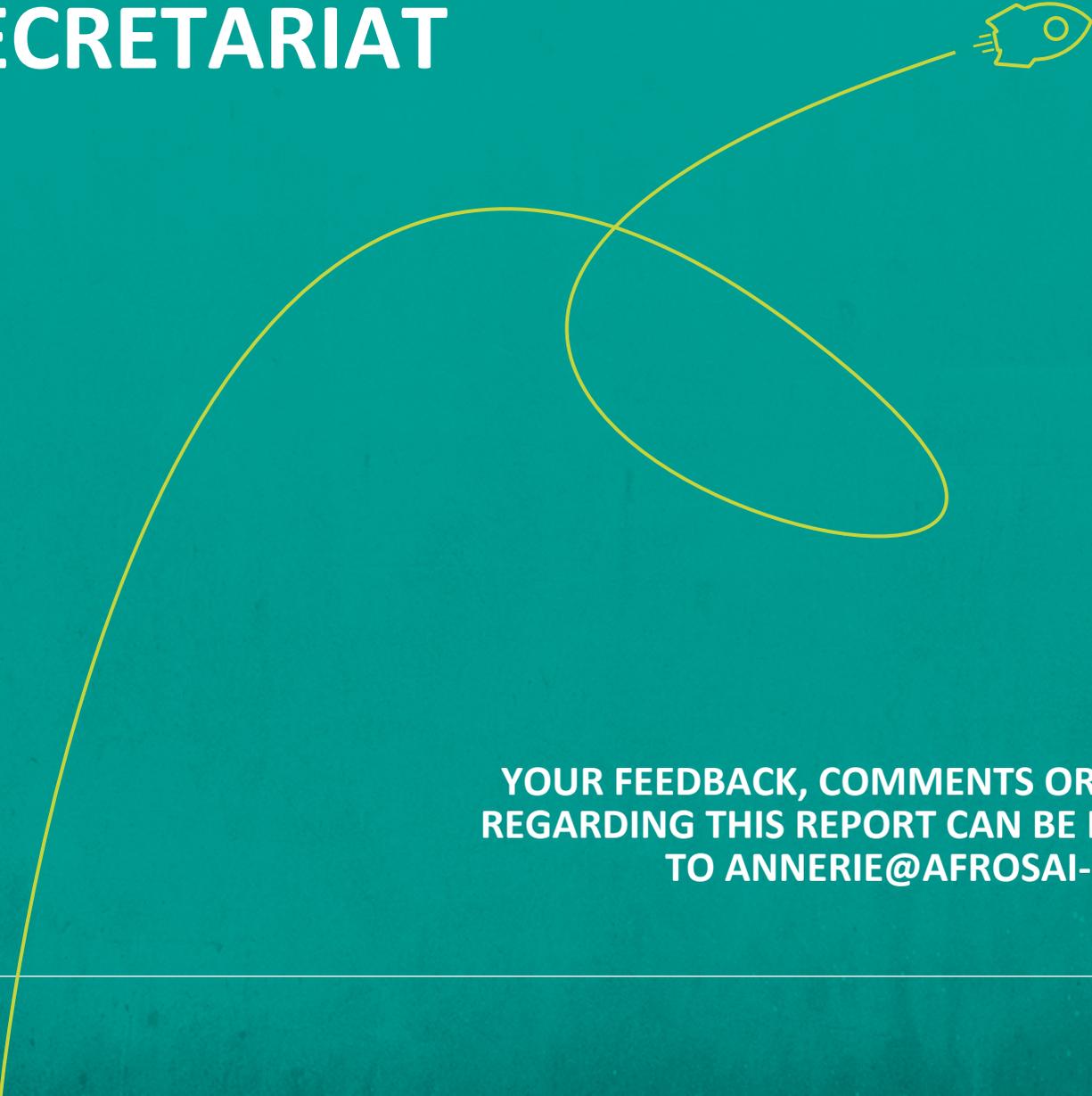
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**YOUR FEEDBACK, COMMENTS OR QUERIES  
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