

AFROSAI-E

DEVELOPING PERFORMANCE AUDIT

Lessons learnt from the Office of the Auditor-General of Botswana

February
2008

**Lessons Learnt
No. 1**

Foreword

One of the six imperatives of AFROSAI-E is the development of performance audit. As a consequence, the Auditor General's board meeting in 2006 decided on an ambitious plan to strengthen the capacity to carry out performance audits. This plan is linked to the AFROSAI-E Institutional Development Framework and envisages that 70% of our 23 member SAIs should have reached level 3 of the five levels within the year 2009.

The SAI of Botswana has been working on performance audit since 1992 and is now one of the SAIs with the highest number of performance auditors with the highest number of performance audit reports published annually.

Consequently, the AFROSAI-E Secretariat has asked the SAI of Botswana to share its experiences in developing performance audit. We know that other member SAIs are also in the forefront of performance audit but we have chosen Botswana as an example from which we can all learn.

It is a challenging task to describe and self-assess activities where you are so deeply involved. However, the SAI of Botswana took on in all earnestness the task to present what went well but also what problems and obstacles they have been facing. The AFROSAI-E would like to sincerely thank the Auditor-General of Botswana, Mr Namogang, and those members of his office who wrote this report. We are sure the report will help other member SAIs to start and develop performance audit and promote the achievement of capacity development within AFROSAI-E.

Pretoria, February 2008

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PREFACE

The AFROSAI-E Secretariat approached the Office of the Auditor-General to share its experience in developing performance auditing in Botswana for the benefit of the Supreme Audit Institutions (SAIs) of the region. This paper provides a detailed and objective view of the way performance auditing has evolved at SAI Botswana. In addition to providing details of the development of performance auditing, it highlights the challenges and opportunities that an organisation might be confronted with in introducing this discipline. I am sure that the contents of the paper will be of interest to those SAIs that intend to introduce and develop performance auditing in their organisations as they can learn from the lessons discussed herein.

I am happy that, by producing this paper, my organisation has contributed towards promoting the cause of performance auditing among the public sector auditing fraternity of the region. I would also like to acknowledge the efforts of my staff and express my gratitude to all those who assisted my office in this endeavour.

P E Namogang

AUDITOR-GENERAL

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1. Background

1.1 History

The history of the audit institution in Botswana goes back to the colonial period. Up to 1964, the headquarters of the Audit Office, then known as the High Commission Territories (Bechuanaland Protectorate, Basutoland and Swaziland), was based in Pretoria, South Africa. In each of the territories there was a senior auditor. In the case of the Bechuanaland Protectorate, the senior auditor was stationed in Mafikeng. The post of senior auditor was later changed to that of Director of Audit. The Audit Office of what was to become Botswana was moved from Mafikeng to Gaborone in 1965. The post of Director of Audit was changed to that of Auditor-General in 1970.

The central position of the Office of Auditor-General (OAG) is defined by its role as Supreme Audit Institution (SAI) in Botswana. According to the Constitution of Botswana and the Finance and Audit Act, 1997, the Auditor-General is responsible for auditing all financial accounts of all offices, courts and authorities of the government, which entails, among other things, verification as to whether laws and regulations have been complied with, how public money has been disbursed and whether adequate regulations exist.

The OAG exists to play a pivotal role in enhancing the accountability process in the country through objective, fair and timely feedback to stakeholders such as parliamentarians, policy makers, public sector managers and the public at large. Performance auditing, along with financial audit, enables the OAG to comment qualitatively on the issues of efficiency in service delivery, mismanagement, waste and loss of public resources in the public sector organisations and, consequently, contributes towards strengthening the accountability process in the country.

1.2 Mandate of the OAG

The OAG derives its mandate from the Constitution of the country. Section 124 of the Constitution states that “the public accounts of Botswana and all offices, courts and authorities of the government shall be audited and reported on by the Auditor-General”.

The Auditor-General, specifically in discharging his duties in terms of section 29 of Finance and Audit Act, 1997, must satisfy himself that:

- All reasonable precautions have been taken to safeguard the collection and custody of public moneys and that laws, instructions and directions relating thereto have been duly observed

- Disbursement of public moneys has taken place under proper authority and for the purposes intended by such authority
- All reasonable precautions have been taken to safeguard the receipt, custody, issue and proper use of public stores, and that the instructions and directions relating thereto have been observed; and
- Adequate instructions or directions exist for guidance of officers responsible for the collection, custody, issue and disbursement of public stores.

The act further stipulates that the Auditor-General shall inform the Minister of Finance and Development Planning of any apparent lack of economy, efficiency, and effectiveness in the public sector. The constitutional mandate therefore authorises the OAG not only to conduct financial audit but also to carry out performance audits.

The constitutional mandate empowers the OAG to contribute substantially to the efficiency of the public sector in Botswana in a manner that reaches beyond financial auditing. Hence, the efficiency aspect of the OAG mandate enables the office to assess far-reaching reforms of the structure and functioning of public administration. The central position of the OAG is widely recognised in Botswana and a firm commitment exists to enhance its capabilities to perform the tasks in an efficient manner.

1.3 Organisation of the OAG

The OAG is a Supreme Audit Institution under the Constitution of Botswana. The office is headed by the Auditor-General whose independence and functions are provided for in the Constitution. It is pertinent to mention that OAG receives its financial resources from the Ministry of Finance and Development Planning and that recruitment of staff is done within the framework of instructions from the Department of Public Service Management.

The office undertakes three types of audits, namely Regularity/Financial, Information Technology and Performance Audits. It is divided into divisions and units as stated below:

- Central Government Division - responsible for the audit of central government accounts
- Local Government Division - responsible for the audit of Local Authorities, namely Districts and Town/ City Councils and Land Boards
- Administration Division - responsible for finance, supplies and human resource management

- Parastatal Unit - responsible for audit of parastatals
- Performance Audit Unit - carries out value-for-money audits
- Special Operations Unit - carries out office support services
- IT Audit Unit - carries out audits of IT systems

2. Performance auditing at the OAG

The government spells out its overall national development priorities and strategies in the document called National Development Plan (NDP). This document provides details of the government's development programmes, projects and schemes to be carried out within a five-year period in different sectors of the economy. During NDP7 (1992-93 to 1996-97), the government recognised the need for the development of government's audit function. The need for efficient auditing was also discussed by key stakeholders such as Parliament. The Minister responsible gave an undertaking that action would be taken to strengthen the auditing capabilities of the office. Government decided to seek donor assistance, particularly in the area of computer and performance auditing. The technical assistance programme, along with other components, was also aimed at developing a functioning Performance Audit Division within the OAG that would be responsible for producing reports on financial and operational efficiency of government departments and organisations. Performance auditing as a discipline has been developed at the OAG in phased manner as discussed below.

2.1 Phase 1 (1992 to 1998)

This phase started in 1992 when the Swedish International Development Cooperation Agency (SIDA) was approached for funding. Consequently, the Swedish National Audit Office (RRV), at the request of SIDA, was appointed to carry out a feasibility study on the operations of the OAG. The results of the study identified certain weaknesses in audit planning and management, staffing and training, reporting, the use of modern technology and audit techniques which restricts the Auditor-General's ability to properly fulfil his statutory responsibilities. The study, apart from highlighting the importance of computer audits, also identified the need to address the issues of productivity of the economy.

In 1992 the Government of Botswana and SIDA agreed to implement a three-year programme of technical assistance to the OAG. The Swedish National Audit Office was engaged to provide the consulting services to the OAG, which commenced on 1 August, 1992 and was expected to be completed by 30 June 1995. The first consultant arrived in Botswana in December 1992 to implement the project. The Auditor-General established a senior

management group chaired by himself and also provided a team of counterparts to work with the consultants.

At the end of the project, the Auditor-General requested extension as some of the activities had not been completed. Consequently the technical assistance programme was extended for a further three-year period which commenced on 1 July 1995 and ended on 30 June 1998.

The technical assistance programme that intended to establish a Performance Audit Division and carry out the performance audit of government departments and organisations. During this phase, the following activities were completed:

- Performance Audit Section was established to enable the office to start functioning in this new discipline;
- Training of staff was arranged to equip them with performance auditing concepts and techniques;
- Seminar and training courses were conducted within the office;
- Initially one to four officers were posted in the Performance Audit Section
- Conducting two performance audit projects per year.

Constraints faced during Phase 1

The technical assistance programme was a major initiative undertaken by the OAG to introduce performance auditing activity to provide objective and timely feedback on the performance of public sector organisations. Although performance audit staff started taking part in some of the regional training initiatives during this phase, the office encountered some implementation constraints which hampered progress with the development of this discipline. Some of the implementation constraints that were faced can be listed as follows:

- Lack of expertise in this discipline at managerial level
- High staff turnover
- Lack of understanding on the part of auditees in respect of performance auditing
- Delays in finalisation of reports.

The development of performance audit during the initial years at the OAG was subject to a genuine handicap on the part of both the supervisory committee and the staff of the performance audit section. There was a lack of

experience at managerial level during the project period, with the result that staff deployed on this task could not be guided and directed effectively.

Moreover, the staff were not motivated due to lack of any prospects in their career growth and consequently mostly the office had to face a situation of high staff turnover.

Reactions from the early days

“I had a little experience in financial audit when I joined the performance audit section. I found performance audit very challenging and I really liked that. It was more interesting than using the checklists I was used to do in financial audit. But performance audit is also laborious and you often need to work at home. At the same time it takes time for the reports to get out and in the beginning the financial auditors used to tease me and always asked why my reports were not published faster.”

*(Mrs Motlalepula Baaitse, Head of Section,
involved in performance audit since 1993)*

“My first report was on recovery of bursaries. I was fortunate to work with someone who was much more experienced than me. So she guided me through the whole audit process. That was very helpful. I was the first auditor with university studies in economics and statistics so in the beginning I felt a bit lonely. But we are more staff with that background now so it is much better today.”

*(Mr Ishmael Mooketsane, performance auditor,
joined the performance audit unit in 1998)*

2.2 Phase 2 (1999-2002)

Once the Swedish technical cooperation project was completed in 1998 the entire responsibility to carry forward the work of performance audit during the post-project phase rested with the OAG Botswana. The OAG now had to allocate resources for carrying out the performance audit function. However, the OAG still wanted post-phase support from SIDA to develop its infrastructure further, but the necessary assistance was not forthcoming. Under these circumstances the OAG felt that it had to identify its development needs. The overall strategy during this period was based on the following framework:

- Recruitment of experienced performance auditors, locally and regionally
- Approaching other SAIs for individual support
- Additional training of staff, especially on-the-job training
- Attachment to SAIs within the SADC region

As discussed above, the performance audit staff was trained in this discipline during the technical cooperation project and their theoretical base was established. Now there was a need to provide them with guidance and support at execution level. This arrangement was necessary to develop their practical skills and confidence in taking up the work.

Hence, after conclusion of the technical assistance programme in 1998, the functioning of the performance audit section experienced a setback and its output level could not be increased.

2.3 Phase 3 (2002 and onwards)

The first two phases of performance auditing at SAI Botswana were characterised by developments such as setting up a performance audit section, developing some basic guidelines, deployment and training of staff, and conducting performance audit on a few projects/programmes, etc. However, the production of performance audit reports was slow, partly due to the inexperienced auditors. At operational level there was a need for a performance audit manager who could assist the staff in developing their skills in different areas of this discipline through on-the-job training. In view of the situation on the ground, the management of OAG in 1999-2000 started exploring the possibility of seeking technical support from other SAIs of the world. The object of seeking such assistance was to have performance audit expertise from some other SAIs to assist their staff in dealing with various issues at operational level.

In 2002 SAI Botswana secured the services of a performance audit manager from SAI Pakistan who started working with the teams at operational level. The basic objective of engaging this expertise during that time was to assist the performance audit teams in the efficient execution of their work. The introduction of this expertise at the SAI was also aimed at providing performance audit teams with the necessary technical support and showed them how to carry out their assignments in a professional manner. The experience proved to be beneficial for the staff as they started gaining practical experience of the work and, as a result, their skills began to develop in different areas of performance auditing. Phase 3 of performance auditing saw not only organisational expansion but also substantial improvement in

the overall skill development and practical experience of the staff. During this period the coverage of performance auditing was also extended to the level of local authorities. In 2003 and 2004, the OAG staff also started participating in regional initiatives like Parallel Audit and also provided professional support to other SAIs. It is worth mentioning that in 2007 the OAG entered into an Institutional Development Cooperation Agreement with the Swedish National Audit Office (SNAO), further strengthening the professional capacity of SAI Botswana.

During this phase the performance audit section at the OAG gradually evolved in terms of both staff numbers and coverage of public sector entities. As result of this growth, the performance audit unit in 2007 was divided into four sections. Each section has a head who manages the auditing activities of his/her section. Each section is responsible for conducting performance audits on the Ministries, departments and local authorities as decided by the management. There is a Chief Auditor/Head: Performance Audit who is responsible for coordinating, supervising, monitoring and providing technical support to all sections at operational level. All technical/operational issues pertaining to performance audit projects, along with other administrative matters, are dealt by the Chief Auditor. The Assistant Auditor General (AAG) is responsible for providing overall guidance and supervision regarding the performance auditing activities in the organisation. The Auditor-General approves and signs off all performance audit reports and sends them through to the Minister of Finance and Development Planning for tabling in the National Assembly.

How has performance auditing affected you personally?

“It has meant a lot to me. By meeting so many people I have developed my skill to handle difficult people, interviewees and auditees. I am not afraid of them and not afraid of moving into new areas of audit. Also, at home my performance audit work affects my life. I am better at prioritising activities and thinking of economy when looking at my private finances and I am also teaching my family to think of this.”

(Mrs Motlalepula Baaitse, Head of Section)

2.4 Production of reports

When the technical cooperation project ended in 1998 the performance audit section had produced a few performance audit reports. These reports were not tabled in Parliament because of the absence of a legal arrangement to

fulfil this requirement. The reports were issued to the management of the audited entities in the form of management letters. However, after amendment of the Finance and Audit Act in 1997, the OAG started to table performance audit reports in Parliament as per the stipulated procedure.

During 1992-98, four performance audit projects were taken on by the performance audit section. The output of the section during 1999-2002 remained low as only three reports could be produced. Gradually the output of the performance section started increasing as within a period of four years the number of reports increased from two in 2001 to nine in 2007. For the 2007-08 financial year the OAG has undertaken 14 performance audit projects.

3. Lessons learnt

Introduction of a new public sector auditing discipline was not an easy task for the management of SAI Botswana. However, the management accepted the challenge and tried to achieve their objective with a vision, commitment and consistent efforts. Performance auditing experience at SAI Botswana has resulted into learning of certain lessons that could provide an insight into the way this discipline has developed in this organisation. These lessons are discussed as under:

3.1 General lessons learnt

It took Botswana about 15 years to develop performance auditing into what it is today. However, it is important to point out that SAI Botswana was one of the pioneer organisations in this region that decided to introduce performance auditing. The task of developing this discipline in an SAI these days is comparatively easy for to the following reasons:

- Learning from the experience of other SAIs, like Botswana
- Availability of training and methodological material
- Active presence of AFROSAI-E to render assistance.

Another factor that must be kept in mind is that in order to develop performance auditing SAI Botswana had to depend intensively on external technical support. Hence, to start with this discipline the SAI may have to seek external assistance to train the staff, develop methodology and execute the work in order to develop the skills of performance auditors. The effectiveness of performance auditing in any SAI largely depends on retention of trained staff.

Although SAI Botswana faced some confusion and setbacks during the initial years of performance auditing, its management gradually overcame these

hurdles. Management's vision and commitment in introducing any new discipline always play a significant role in any organisation. The management of SAI Botswana from the outset wanted to introduce this discipline, but faced certain constraints which in the initial years slowed down development. Nevertheless, the office continued to make qualitative efforts to establish this type of audit within the organisation. The unwavering resolve and support of management played an important role in development of infrastructure that could enable the performance auditors to carry out this activity. Apart from providing the resources for this activity, management's biggest achievement was to include a specific mandate for performance auditing in the country's legislation. Moreover, the support and guidance provided by management became a source of inspiration and served as an incentive for the performance auditors in the organisation.

3.2. Auditees

Another factor that had a bearing on the development of performance auditing in Botswana was a lack of appreciation and awareness of this discipline among the public sector managers and other stakeholders. During the initial years SAI Botswana had to make strenuous efforts by holding meetings with the public functionaries to create awareness about the basic concepts and objectives of performance auditing as, in their opinion, the OAG's function was to conduct financial audits. It is for this reason that it took about 15 years for SAI Botswana to gain the public sector's acceptance for performance auditing as a discipline. It was found that the performance auditors in Botswana had been facing problems with retrieving data at the auditee's premises. However, a better appreciation for and understanding of performance auditing among the audited organisations could become instrumental in retrieving the necessary data more efficiently which, in turn, made the auditor's work easier.

3.3. Staff

Availability of the necessary resources and structures was a prerequisite for commencing performance audit at the OAG. Realising this need, management committed itself to developing an environment within which performance auditing could take place on a regular and consistent basis.

Performance auditing at the OAG commenced by establishing a Performance Audit Section and initially four people were assigned for this purpose. The staff of the newly established Performance Audit Section was initially manned by financial audit staff. Subsequently staff were recruited from the people with university degrees in various disciplines such as Economics, Agriculture, Public Policy, MBA, Social Sciences, etc. The practice of recruiting staff with a diverse qualifications base proved to be beneficial for the OAG as it

resulted in developing a strong knowledge and skills base. This arrangement also enabled the OAG to tackle the issue of staff turnover, as previously the staff with degrees biased towards accounting used to leave the organisation for greener pastures after acquiring financial audit experience to become internal auditors in the private sector. The section started working with four persons and gradually this number increased to eight in 1998-99. During this year quite a few staff members left the office and the performance audit section was again left with only a small number of staff. However, during 2000-01 more people were recruited for performance auditing and the number of staff members again increased to eight in 2002. Since 2002 the manpower strength of the unit has been increasing, with the total number of performance audit staff increasing to 27 in 2007.

3.4 Skills development for staff

Experience has shown that the development of staff skills through training was one of the critical factors that ensured the continuity of performance auditing at SAI Botswana. The OAG from the outset made an effort to develop the skills of its staff in the performance auditing discipline. This was done by sending the staff on various training courses both within the SADC region and internationally. The office even arranged in-house training courses and also sought the services of foreign consultants who could work with the teams and equip them with the necessary skills and techniques of performance auditing. Apart from getting help through SIDA's technical assistance programme, the OAG took a major step in recruiting an experienced performance audit manager from overseas. The induction of a performance audit manager from other SAIs became instrumental in deepening the skills level of staff. It offered staff an opportunity to receive first-hand assistance during the execution of performance audit projects. It enhanced the skills level and broadened the outlook of performance auditors and developed their confidence to work independently in the field.

Apart from this practical help at operational level, staff were sent regularly for different training courses so that they could remain aware of various developments in this discipline around the world. It is important to point out that SAI Pakistan agreed to provide performance audit training facilities to SAI Botswana, both in-house and in Pakistan. This initiative of both the SAIs proved to be beneficial for our staff and resulted in enhancing their skills in this discipline. In addition, SAI Botswana also sent its staff for performance audit training at the US General Accountability Office and Institute of Public Service International CT, USA. These training initiatives enabled the performance auditors at SAI Botswana to learn new concepts and techniques and to share the practical experiences of other SAIs around the world.

Ever since the introduction of performance auditing, management focused mainly on technical collaboration with regional and international bodies and SAIs around the world. The primary thrust of such initiatives was to augment the organisational capacity to conduct performance audits in a professional manner. The main international bodies that provided SAI Botswana with technical assistance were AFROSAI-E/SADCOSAI Secretariat and SIDA. SIDA provided SAI Botswana with the necessary financial support to develop this discipline, whereas most of SADCOSAI's work on performance audit regionally was conducted through SNAO. SNAO initially ran all courses and developed the Handbook and training material.

In addition, the SAIs of Sweden and Pakistan also contributed towards the professional development of the OAG in the field of performance auditing. The performance audit unit staff were able to benefit greatly from these collaborative initiatives through formal training courses, workshops, seminars and on-the-job training offered either at SAI Botswana or abroad. It also provided the office's performance auditors an opportunity to learn from and share the experiences of other SAIs in the field of performance auditing. This was instrumental in broadening the professional approach and strengthening the technical know-how of the performance auditors of SAI Botswana in this discipline.

3.5. Audit management

Managing of performance audit work at each stage of an audit assignment (planning, execution & reporting) is critical to producing a balanced and objective performance audit report. Decision-making during the selection of performance audit projects usually takes place on the basis of sketchy information, without any risk assessment. The audit execution phase must also be properly managed so that relevant, sufficient and reliable audit evidence pertaining to the issues to be tackled in a performance audit assignment is collected. Furthermore, guidelines have to be developed for allocating time to productive and non-productive activities during audit. Consequently, performance audits often take longer than planned. Experienced and professionally competent audit managers who can manage the work properly are needed for this.

Experience has shown that the planning phase of performance audit assignments at SAI Botswana has gradually improved. A formal risk assessment exercise is not carried out, but selection of potential audit subjects is done in consultation with the section staff on the basis of a selection checklist. The process of mutual consultation during the selection of audit subjects has led to greater ownership of the assignments among the staff. As the unit has expanded with passage of time, the office appointed Section Heads to provide support to the performance audit teams during the

planning, fieldwork, data analysis and reporting stages of an audit assignment. However, developing the supervisory and management skills is another challenge that SAI Botswana has to address because the absence of this type of expertise could affect the output and quality of work of the performance audit unit.

The performance audit unit has seen a gradual increase in their output. This increase was as a result of various initiatives (from streamlining of the work to expansion of the office) that were taken by management in the last few years. There were certain factors that contributed qualitatively towards enhancement of performance audit output at the OAG. Management has consistently been committing more resources to this discipline, along with developing the skills of the staff through various training initiatives. The performance audit unit had only eight staff members in 2002 but in time this number increased to 27. During this period the OAG expanded its coverage of government entities as in 2006 the office also started to conduct performance audits on local authorities. Another factor that became instrumental in increasing performance audit output was an improvement in the time taken to complete audit assignments. The time taken to issue draft performance audit reports was in most cases reduced from 12 months to 8-9 months. Through performance audit activities, the OAG is currently providing regular feedback to stakeholders on various aspects of public sector performance by both central government entities and local authorities in the country. The performance audit reports are regularly tabled in the Parliament, but to date no report has been discussed by the Public Accounts Committee.

3.6 Audit methodology and standards

From the very outset, the performance audit section, along with receiving training, started conducting actual audits on the programmes and activities of public sector entities. In the beginning very little material was available on performance auditing. At that time INTOSAI had not even developed the Auditing Standards for the guidance of SAIs. So initially the office adopted a Handbook on Performance Auditing, which was developed by SNAO in cooperation with SADCOSAI and contained guidelines for conducting performance audits. During the last few years staff were issued with a few guidelines that could help them to do the work in a smooth manner. However, there has always been a need for a detailed Performance Audit Manual to ensure a certain level of consistency in the working of the section. AFROSAI-E recently developed a Performance Audit Manual and circulated it among member SAIs for adoption after customising it to their respective working environment. Adoption of this document will go a long way towards standardising the work at SAI Botswana.

Success stories on performance audit

“We did an audit at one Department and found some shortcomings. When we presented the report to the Director he got furious and stated that the report was very poor. Later on, he changed his mind totally. He was promoted to become a PDS and left for another Ministry and as from that day he is our best supporter. When we go there to audit, he always tells his staff that performance audit is good for them. Once he even said that he ‘used to hate the auditors but now I know what they can do for us’.”

(Mr Letsholo M Letsholo, Assistant Auditor-General for Performance and Parastatal Audit since 1995)

“The present setup for performance audit is a success. We have managed to get almost 30 auditors, one Head of Unit and four Head of sections, so today we have a good organisational structure. And we also have a solid base for our work because we have a lot of experienced and committed auditors in our unit now.”

(Mr Javaid Jehangir, Head of the Performance Audit Unit)

“I did a project on the National Registration System. Our recommendations meant that the time for registration was cut down from 3 months to a week. Even today I meet people who tell me they are surprised and happy with the short waiting time and then I feel proud of myself and of my office.”

(Mrs Motlalepula Baaitse, Head of Section)

4. Challenges faced by OAG in performance audit

Members of AFROSAI-E (70% of them) are obliged to attain level 3 of the institutional strengthening framework by the year 2009 in respect of performance audit in their respective organisations in the following areas:

- Independence and legal framework
- Organisation and management
- External communication
- Human resources
- Audit methodology and standards

➤ Training

Attainment of the above level requires substantial efforts on the part of SAI Botswana. Although faced with a few challenges, OAG has fulfilled some of the requirements of the framework in an effort to meet the rest of the requirements for reaching level 3. The organisation is encountering certain operational challenges which have been impacting on the growth of this discipline. Some of those challenges are of a structural nature, whereas some are extraneous and general. Those challenges at times have a qualitative effect on the working of the office in this discipline. Some of the major challenges faced by management of the OAG in field of performance auditing are discussed below:

4.1 Sustainability of performance auditing at OAG

Over the period of time the growth of overall infrastructure of performance audit at the OAG has made it imperative to seriously think about the sustainability thereof in the long run. With the establishment of new structure (four sections) and recruitment of a number of new performance auditors the OAG is now confronted with the challenge of managing them properly. There is a need to groom and develop the management skills of newly appointed sectional heads so that they are able to properly guide, manage and provide technical support to the staff. On the other hand, the skills of newly recruited staff in the field of performance auditing are also critical and need to be developed so as to improve the competence and efficiency of new staff. The issue of sustainability will assume greater importance with further growth of the performance audit unit, in which case availability/presence of necessary expertise at managerial level would assume more significance. The top management will have to find a mechanism to sustain the pace of work as well as develop the management and auditing skills of the staff at different levels in the organisation.

4.2 Motivation of performance auditors

Performance auditing is a laborious type of work. It requires sustained application of creative abilities which everybody does not possess. Retention of experienced staff has been an issue since the start of performance auditing at the OAG. The OAG lacks a scheme of service and specific salary structures for performance auditors. This situation has traditionally proved to be a disincentive for the performance auditors and has resulted in staff turnover as staff in this discipline do not see a future for themselves. Management will have to tackle this issue if experienced staff are to be retained in the office. Apart from career progression, another issue that management faces is to create better financial incentives for performance

auditors. It has been observed that after gaining experience in this discipline, some staff members leave the organisation for greener pastures.

4.3 Logistic support

Given its peculiar nature, performance auditing is an expensive exercise and demands more resources within the OAG. The absence of an arrangement within the OAG for separate financial and material resources for this discipline has proved to be a disincentive for the staff. Issues of inadequate accommodation and other logistic support such as transport, computers, etc. pose a serious challenge for overall efficiency of performance auditors.

4.4 Training arrangement

Continuous professional training of staff in various areas of performance auditing is a key factor for sustainability and quality output. There is an urgent need to train newly recruited staff in various areas of performance auditing. Senior staff also require further training in more specialised areas of this discipline as well as in management issues so as to enhance their capacity to perform more efficiently and to contribute towards the output of the office. Lack of specialised training in different areas may be detrimental to staff members. A lack of adequate training facilities also poses a challenge for performance auditing at the OAG. The office has to date not devised a mechanism whereby specific training slots are reserved for performance auditors. Instead staff have to compete with the rest of the office staff for training opportunities.

4.5 Discussion of performance audit reports by PAC

Performance audit reports are regularly submitted to Parliament for discussion by the Public Accounts Committee (PAC). To date no report has been discussed in the PAC and this situation proved to be a serious issue for staff who think about the result of their efforts. Discussion of performance audit reports has emerged as a challenge for the OAG and management is trying to find a solution. Discussion of performance audit reports by the PAC could result in instructions being issued to executive entities to streamline their work by introducing better management practices and strengthening their internal controls. In this way performance auditors could have a sense of achievement and it would serve as an incentive to work harder on their assignments.

4.6 Auditee awareness on performance auditing

One of the challenges that the OAG faces is a lack of awareness among auditee organisations about performance auditing and their response to this discipline. This situation creates some operational constraints for performance auditors. The auditee management at times sees performance auditing as a threat rather than a tool to improve their work.

4.7 Data availability

Performance auditing requires the auditee management to generate some types of data which they do not generate as a rule. When performance auditors approach the auditees for information which is not being generated on a routine basis, they resist such demands and at times feel threatened. Furthermore, a lack of operational data/information management at auditee level also makes the work of performance auditors more difficult and time consuming. If performance audit is to contribute effectively in improving the systems and controls of audited entities, auditee organisations should be taken on board by creating a better understanding on this discipline.

5. Way forward

In order to further strengthen and streamline performance audit activities at the OAG some measures and steps should be taken that would consolidate the overall position of this discipline. Further development of performance auditing infrastructure at the OAG is important because the office has to deliver in this field due to rising expectations of stakeholders and in the wake of recent administrative reform initiatives by the government of Botswana. An efficient performance audit unit at the OAG will prove to be an effective tool for informing and providing an objective and comprehensive feedback to stakeholders such as the PAC and the Executive on the performance of public sector organisations, programmes, projects and activities. The following are some of the key critical areas where the management of OAG needs to take action to strengthen performance auditing in the future:

- Continued commitment at the level of top management so that this discipline is practised in the organisation on a regular basis.
- Ensuring availability of a trained manager at operational level from within the unit for sustainability, support, guidance and direction regarding performance audit work.
- Strengthening the management skills of section heads to manage their work efficiently.

- Creating better awareness among stakeholders regarding the benefits of performance auditing in the context of accountability processes in the country.
- Making arrangements with the PAC to discuss performance auditing. To this end negotiations may be held with members of the PAC and the Clerk of the National Assembly to reach an agreement on allocating time for discussion of performance audit reports.
- Developing the Performance Audit Manual/Guidelines for guidance of staff and to bring about consistency in the work.
- Developing new methodologies and techniques to carry out performance audit assignments.
- Enhancing the operational skills of staff through continued training and on-the-job mentoring.
- Ensuring better communication among staff members so that field experiences can be shared and new things learnt.
- Strengthening the Performance Audit Unit by increasing the number of staff especially at operational and middle management levels
- Ensuring better working conditions for staff by providing them with the necessary logistic support such as computers, transport, stationery, etc.
- Devising some reward system as an incentive for performance auditors to attract and retain the best people for this discipline.

My best advice to a SAI for implementing performance audit

- Make sure that appropriate legislation is in place.
- Recruit external experts to assist you in developing performance auditing.
- Design a career path for performance auditors.

(Mr Letsholo M Letsholo, Assistant Auditor-General for Performance and Parastatal audit)

- Recruit auditors with the right skills to become performance auditors.
- Ensure that there is management commitment.

(Mr Javaid Jehangir, Head of the Performance Audit Unit)

- Provide staff with relevant training.
- Make sure that staff have the right equipment (vehicles, computers, etc.).

(Mrs Motlalepula Baaitse, Head of Section)

- Don't forget to present the idea of performance audit to the auditees. Tell them that this is not about finances and also tell them that performance audit can help them and is not only for control.

(Mr Ishmael Mooketsane, performance auditor)

LESSONS LEARNT

In our efforts to promote the implementation of performance audit in the region AFROSAI-E has adopted a number of initiatives. It is well known that sharing experiences is one of the best ways to learn and develop capacity. The AFROSAI-E Secretariat is therefore launching the new series of *Lessons Learnt in performance audit*.

“Lessons Learnt” may deal with a number of different issues. They may focus on issues such as how to develop performance auditing at a SAI but may also address issues such as methods and techniques, recruitment and training of performance auditors, relations with stakeholders, etc.

They may cover overall questions or be detailed and, for example, focus on specific issues of implementing a questionnaire. The lessons learnt may be a “success story”. However, they may also describe something that did not go well but from which you can learn.

Reports may be everything from one page and more. Reports will, if approved, be posted on the AFROSAI-E website, www.afrosai-e.org.za and in specific cases will also be printed as hard copies.

AFROSAI-E wants to encourage all member SAIs to contribute to the series. If you want to share your experiences and contribute to our Lessons Learnt you are welcome to approach the AFROSAI-E Secretariat. The easiest way is to email us at afrosaie@agsa.co.za.

We welcome your ideas in this regard!

AFROSAI-E Secretariat