



FOREWORD

The AFROSAI-E's mission is to enhance the institutional capacity of SAIs. Proper planning is an important prerequisite for the development of institutional capacity. IDI and AFROSAI-E developed in cooperation a Handbook on Strategic planning that was presented in 2009. This guideline contains the continuation of the strategic planning process described in the Handbook.

Strategic planning needs to be broken down in objectives and activities for the years covered by the strategic plan. The Annual Operational plan is a tool to implement the strategic plan in annual periods. It is also a tool to coordinate the plans made by the different units and functions within the SAI. The coordination is about prioritization of activities but also how to link these activities to each other in an efficient and effective way. The annual operational plan is therefore also an important tool for linking activities with the budget.

The purpose of the guideline is to provide practical guidance on how a SAI's management can develop its annual planning process and the annual operational plan. If applied the guideline will help the SAI to use its resources in a more efficient and effective way.

The guideline was developed by a working group consisting of Goran Olson, Gorden Kandoro, Josephine Mukomba, all AFROSAI-E Secretariat, and Eszter Rapanos, consultant. Goran Olson was responsible for compiling and finalising the document. The team would like to thank Lena Viklund and Karin Holmerin, (Swedish National Audit Office) and SAIs in the region for sharing their experiences.

The guideline is a living document which will be updated in line with new experiences.

Pretoria, October 2011

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Executive Officer
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1. INTRODUCTION

Background

This planning guideline is a continuation of the Strategic planning handbook for SAIs presented by IDI and AFROSAI-E in March 2009. The Strategic planning handbook provides guidance regarding the crucial first step for SAIs: the compilation of a strategic plan. Once compiled, SAIs are faced with the challenging task of implementing the provisions described in this plan. Annual plans, especially the annual operational plan, are the main vehicles to implement the provisions of strategic plans in an SAI. This guideline aims at providing guidance on how to translate the provisions of the strategic plan and other key information into an annual operational plan for an SAI.

Why a guideline?

Planning is a fundamental function of management. It is a process which should form the basis of all activities with the aim of contributing towards the achievement of the SAI's objectives.

The purpose of the guideline

The purpose of the guideline is to provide an overview of the planning process and a step by step approach in compiling an annual operational plan for an SAI.

The guideline expects to:

- Contribute towards the efficient and effective planning and implementation of provisions in the strategic plans of SAIs;
- Provide practical and systematic approaches to assist SAIs in compiling annual operational plans;
- Assist management of an SAI to proactively respond to challenges and to an ever changing environment;
- Provide a simple and user friendly guidance for SAIs compiling planning documentation;
- Encourage a consistent approach in planning within the AFROSAI-E community and
- Provide advice on how to monitor and evaluate the annual plans.

Who is the guideline prepared for?

This guideline is addressed to SAIs embarking on the annual operational planning processes. It may be particularly useful for:

- Heads of SAIs who are going to compile annual operational plans for their SAIs.
- Senior and operational management of the SAI providing inputs into planning documentation, helping them to manage the planning process.
- Planning units/functions or coordinators/committees of planning teams as support in effectively coordinate and manage each phase or activity in the planning process.

How to use this guideline?

The guideline consist of 9 different chapters from planning in an SAI (chapter 2), different plans at a SAI -especially the annual operational plan (chapter 4,5,6 and 7), the annual planning process (chapter 8) to monitoring and evaluation (chapter 9). Standards and best practice is used for the different chapters. Additional information is provided in the appendices. The AFROSAI-E Institutional Capacity Building Framework sets the tone for development of the SAI, but how the content in the guideline is to be used has to be decided by the SAI.

2. PLANNING IN AN SAI

What is planning?

Planning is a fundamental process of an efficiently and effectively functioning SAI. It consists of selecting strategies and tactics from among alternative courses of action, both for the SAI as a whole and for every business unit or function in it. In practice, planning is deciding in advance what to do, how to do it, when to do it and who is to do it. It assumes that rational processes can be used to allocate resources and define appropriate future action which will produce desired outcomes. In an SAI the departments/divisions or individuals charged with the function of planning should have the capacity to identify important ends and implement the means by which change can be accomplished.

What are the benefits of proper planning for SAIs?

Proper planning can lead to a more efficient and effective utilisation of resources. It assists SAI management to exercise better control, to establish objectives "proactively", to coordinate and manage, to monitor and evaluate actual performance and to make more informed decisions by considering alternative courses of action. Planning helps allocate limited resources including staff, budgets and time in an orderly and systematic manner and facilitates communication within the SAI, providing clear direction and setting out the expectations of top management on staff.

The proactive thinking process includes identifying, performing and monitoring key activities in an SAI, in line with the principles set out in both the strategic and the annual operational plans. Planning can help formulate objectives and establish means of measuring progress, in the form of indicators. Management information based on monitoring and evaluation and developed as part of the planning process should include information on the status and identified aspects of performance against the pre-identified indicators.

Who should be involved and who is responsible?

The development of the annual operational plan is a primary responsibility of the SAI's management. However, the responsibility to formulate the objectives and coordinate the compilation of the plans may be assigned to a permanent planning function or an ad hoc committee or a team consisting of managers in the SAI. This function, committee etc should preferably also be responsible for the monitoring and evaluation of the plan. Whatever organisation is decided by the Head of SAI, at the end of the planning process it should be his/her responsibility to conclude on the analysis and key issues. This role also includes consideration of the result of the monitoring and the evaluation.

The determination of the people who will be involved in the planning process will depend on the circumstances of each particular SAI. In small SAIs, it might be preferable to use an ad hoc committee or coordinator. In either case, the responsible party should preferably be on a senior manager level with good knowledge of the SAI and its environment.

The planning processes should provide for adequate consultation and feedback from business units. The facilitation of such communication is the responsibility of the planning function or ad hoc committee/coordinator. It involves providing draft versions of the directives and of the annual operational plan for comment to managers at the business units/functions and the audit department (-s) for the annual audit plan. It may take several turns for an annual operational plan to reflect the inputs received from the business units/functions and departments. This consultation process ensures a link between the mandate of the SAI and the actual situation on the SAI level. The process aims at an efficient and effective planning at the SAI.

Providing inputs should not be limited to management. There should be further processes in place whereby the managers at different levels ensure that any staff member is allowed to provide relevant inputs into the planning process.

3. THE INSTITUTIONAL CAPACITY BUILDING FRAMEWORK

The Institutional Capacity Building Framework (ICBF) provides a comprehensive set of provisions defined in five domains and on five levels (Figure 1 below and Appendix 2). The SAIs should strive to achieve a higher level in the Framework. If a SAI strives in a coordinated and efficient way to achieve a higher level for each of the domains, it can be reasonably assumed that the SAI as a whole will deliver high quality products and services. The strategic and the annual operational planning processes are, as elements in the ICBF, important comprehensive tools to achieve this development. The ICBF is also the starting point for the design of other guidelines and manuals produced by AFROSAI-E.

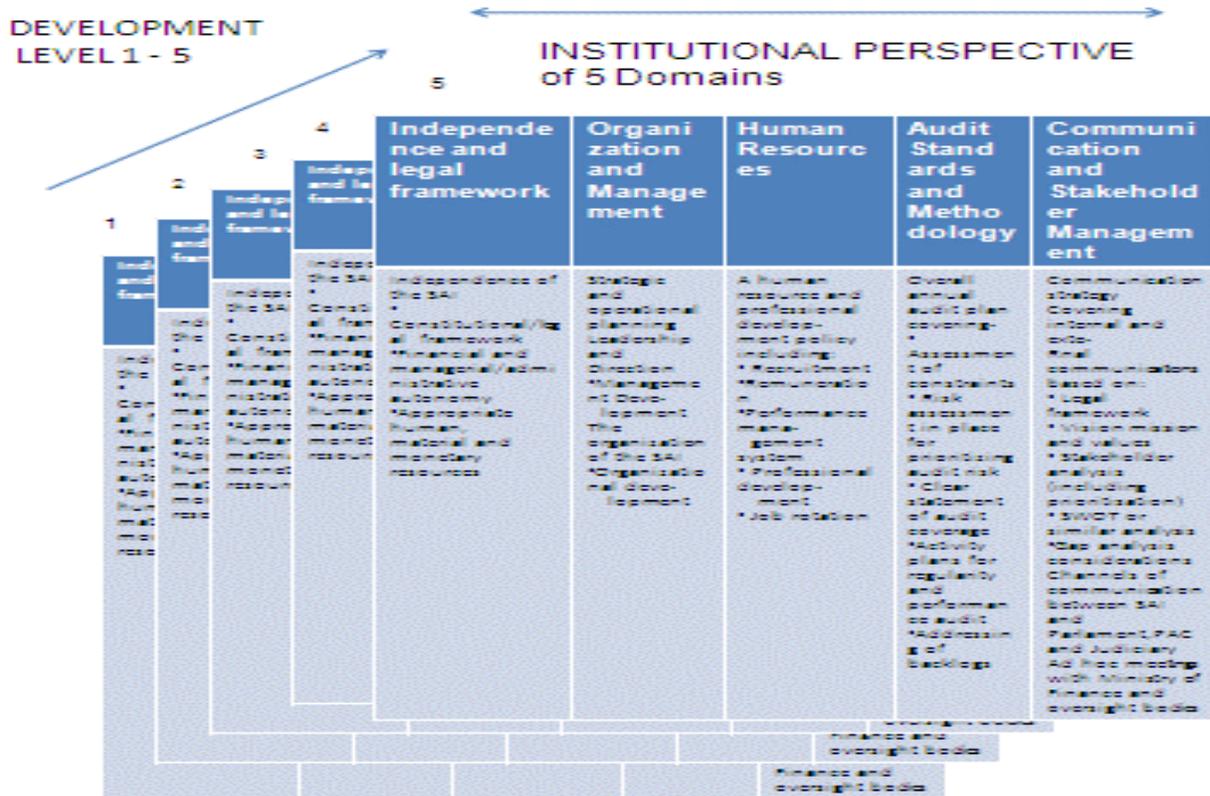


Figure 1. The AFROSAI-E Institutional Capacity Building Framework (ICBF)

Each domain contains a number of elements, see Appendix 2. These elements are defined by different indicators which can be used to assess at what level the SAI is situated in the Framework. A special guideline “Institutional Capacity Building Framework” is available at the AFROSAI-E Secretariat to facilitate the assessment and the planning procedure (www.afrosai-e.org.co.za).

A short description of the 5 domains in the Framework follows below. More information about the Framework, its levels and elements, can be found in a separate AFROSAI-E guideline. The Framework also makes references to the applicable standards.

Independence and legal framework, describing the desired conditions or elements for independence of SAIs as laid down in INTOSAI’s Lima Declaration on Auditing Precepts (ISSAI 1). It includes aspects of legal independence relating to the status and mandate of the SAI and elements of financial and operational independence from the Executive.



Organisation and management, includes among others the following elements: leadership and direction of the SAI, strategic and operational planning, the code of conduct, quality assurance, internal controls, infrastructure and technology.

Human resources, includes among others the following elements: recruitment, retention, capacity building and performance management.

Communication and stakeholder management, provides elements for the maintenance of effective working relationships and communication with external stakeholders of the SAI.

Audit standard and methodology is covering elements for both tools and methodology used in the audit work.

4. DIFFERENT PLANS IN AN SAI AND THEIR RELATIONS

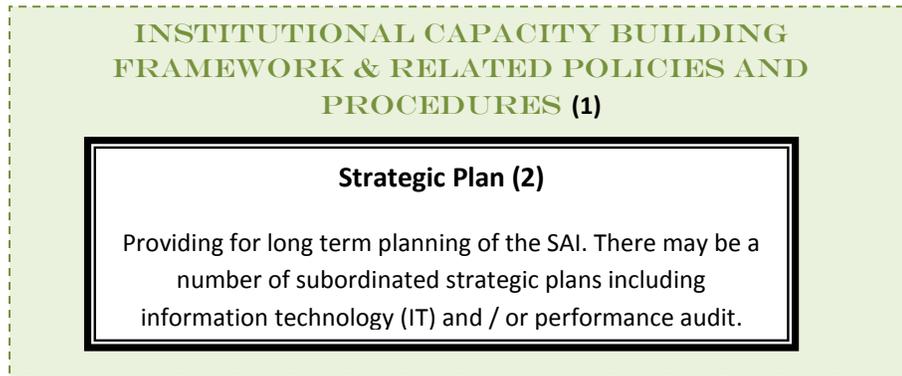
Planning is done at various levels of the SAI and is a critical function in ensuring the fulfilment of its goals and objectives. These plans include a strategic plan, an annual operational plan, functional plans (e.g. annual overall audit plan and development plan), business unit plans and plans for the individual audits or other activities at the SAI. The annual operational plan and its links with other plans as well as the responsibilities for the different plans are demonstrated in Figure 2 below. The responsibilities can be delegated. Figure 2 does not include all relations between the different plans. There are e.g. horizontal relations between functional plans.

1. The ICBF and related policies and procedures are important inputs for the plans, especially the strategic plan.
2. The strategic plan provides high level goals and objectives covering a period of 3-5 years. It should cover strategic issues for ongoing activities in the SAI e.g. the audit coverage and areas of development for the planning period. Strategic developmental areas normally relate to the ICBF. The strategic and annual operational plans are among the best tools for a SAI to improve its position on the levels in the institutional capacity building framework. A SAI generally has an overall strategic plan, but could also have supplementary strategic plans e.g. Communication, HR and IT.

Figure 2: Planning Levels in a SAI/.....

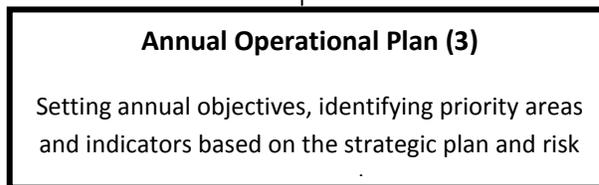
STRATEGIC PLANNING

Responsibility:
Top management



ANNUAL SAI LEVEL PLANS

Responsibility: Top management / Coordinator

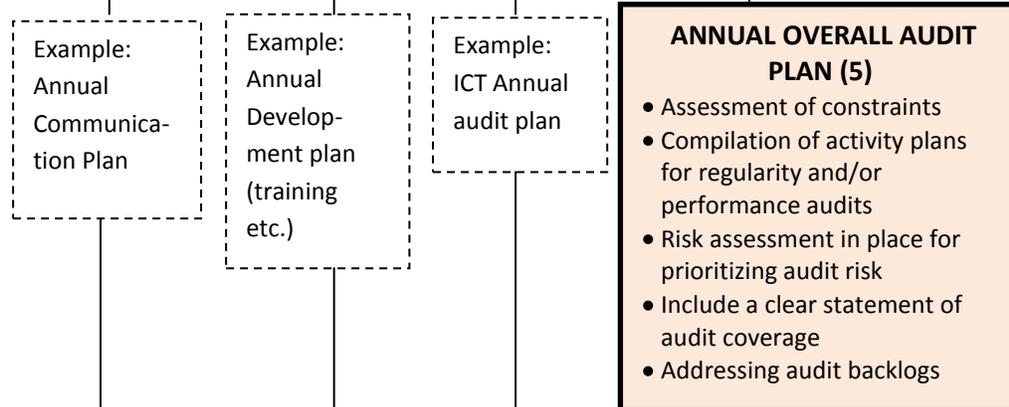


Support functions

Core function

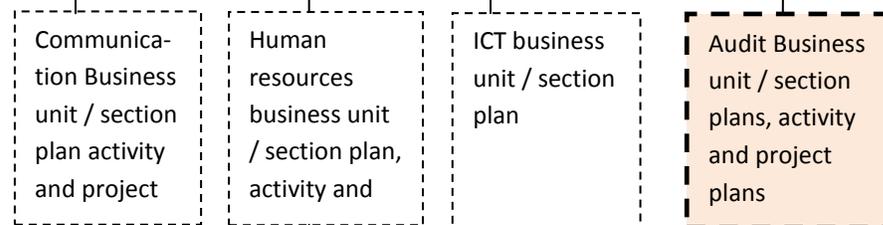
ANNUAL FUNCTIONAL PLANS (4)

Responsibility: Top Management, coordinator



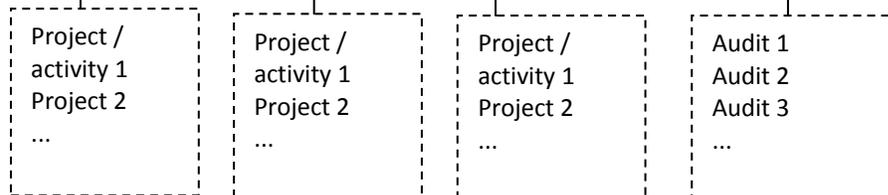
BUSINESS UNIT PLANS (6)

Responsibility: Senior managers



AUDIT / PROJECT PLANS (7)

Responsibility: Operational managers



3. The annual operational plan is used to break down the goals and objectives in the strategic plan on an annual basis. It identifies objectives and activities for the specific year aimed to ensure proper implementation and effective coordination. The preparation and the implementation of the annual operational plan are therefore closely linked to the budget process.
4. A SAI normally prepares a number of plans for one or several years. These plans are connected to the strategic and /or annual operational plans. The functional plans are mostly part of the support processes as exemplified by the development plan (training etc.), but they also include plans for the core business: the annual overall audit plans. The preparation of functional plans generally requires close cooperation between several units or functions at the SAI. In a small SAI the functional plans may be incorporated in the annual operational plan.
5. The aim with the annual overall audit plan is to identify audit areas and audits which the Top management of the SAI should focus on. Proposals and plans for regularity audit and performance audit are amalgamated and coordinated via an annual overall audit plan. The plan takes over part of the coordination role from the annual operational plan, where the annual overall audit plan coordinates the planning for a number of business units. There could be one annual audit plan that is subdivided for performance and regularity audits. However, as a functional plan the annual overall audit plan is subordinated to the annual operational plan. The latter is necessary for a holistic view and efficient and effective planning of all processes at the SAI.
6. A business unit, section or function level (less staff than a section) prepare input, comments and drafts, for the planning processes of the strategic, annual operational and functional plans. Directives from top management and senior management will decide the format and the final content of the functional and business unit plans. Such plans are usually prepared by the senior or operational managers of the organisations (heads of audit business units or sections) and approved by top management, an approval which may be delegated.
7. At the business units individual audit plans, project plans and activity plans are prepared. These plans have their own structure. The individual audit plans are for example structured and approved on as per the relevant audit manuals.

Top management decides on the strategic plan, the annual operational plan and the functional plans. In some cases, the development work carried out at the business units will also be decided by the top management. However, the above-mentioned plans include aspects covering the operations of the whole SAI and are quite a workload, it is recommended that the operational responsibility is handed over to a planning and monitoring/evaluation unit/function or an ad hoc committee/coordinator if the SAI is small and cannot motivate the costs of the establishment of a permanent planning and monitoring/evaluation organisation.

There should be a strong link between plans on different levels of the SAI. Provisions in the strategic plan should be cascaded down to the annual operational plan, annual audit plan, business unit plans and other plans. In turn, the business unit/sections/function plans should reflect details under the provisions of the annual operational plan, the annual audit plan when used and the strategic plan. In smaller SAIs the annual planning process may be substantially simpler than described above. For example the annual operational plan may include functional plans as well as the annual overall audit plan.

5. THE ANNUAL OPERATIONAL PLAN

5.1 Introduction

The strategic plan should be the starting point for the organization of the planning at the SAI. Some SAIs are partly organized according to functions or other models of organisation. In accordance with good practice, SAIs should be organized in line with the strategic plan in order to facilitate its implementation. The organization of the SAI should therefore be adapted to the strategic plan in such a way that it contributes in the most efficient and effective way to the SAI's expected result. The annual operational planning process will then also have the option to be organised in the best possible way.

The annual operational plan is a document that sums up what the SAI has planned to achieve during a specific year, providing an instrument both for direction and for control. It also serves to facilitate internal and external communication by informing key stakeholders about what the SAI is planning to do. This is especially important, as key stakeholders would have contributed to the information gathered for the strategic and the annual operational plans.

The focus in the annual operational plan should be on what needs to be prioritised either as part of the ongoing work or as a development project. Routine tasks should not be covered by the annual operational plan.

5.2 The Purpose of the Annual Operational Plan

The purpose of the annual operational plan is to:

- Formulate the SAI's objectives and tasks for the forthcoming year in order to focus the operations of the different business units, sections or functions. The SAI must have a clear understanding of what it wants to achieve in both the short and the long run. AFROSAI-E has developed a handbook on strategic planning, in cooperation with IDI. According to this handbook, the annual operational plan is an important tool to implement the strategic plan in a coordinated and efficient and effective way. The content of the strategic plan must be converted to annual operational plans with supporting budgets. Goals and objectives in the strategic plan which covers more than one year have therefore to be broken down on an annual basis.

- Coordinate the SAIs activities to enable it to achieve its tasks in an efficient and effective way. The annual operational plan has a very important coordinating role. The audit work, the key processes, must be supported in the best possible way by the administration, human resources etc. at the SAI. From a planning perspective the most critical coordination is between the planning of the audit activities, the planning of the budget and the planning of the use of the staff. Another important coordinating role for the plan is to balance development activities with ongoing activities for the resources given. Most of the development activities are organized as projects with a duration of more than one year.

5.3 Format of the Annual Operational Plan

The design of the annual operational plan can also be dependent on reporting requests from the government. The SAI has to decide on how the plan should be best designed to achieve its different purposes. However the following content could be included:

- A Foreword signed by the Head of SAI
- An introduction with information from the SAI's mandate and from the strategic plan (goals, objectives and values)
- The environment (political and other development - what has happened and what will in all probability have an influence on the SAI)
- What is going to happen during the planned year.

The main chapter covering the last bullet above should in its sections follow the main prioritized areas, either according to organization or "functional areas". The sections should include clear annual objectives with accompanying indicators if need be. It should be clear which activities are ongoing or routine and which are developmental (often carried out as projects). It has to be decided where the descriptions of the individual audits should be included, in the text or in appendices. The budget and the organization of the planning should be appended to the plan.

For further information refers to Appendix 3.

6. THE ANNUAL OVERALL AUDIT PLAN

The annual overall audit plan is a subset of the annual operational plan, which provides further details on how the annual objectives related to the core audit process will be achieved. The annual audit planning process includes the prioritisation on audit work based on instructions from the Head of SAI or anyone delegated with the responsibility for the annual operational planning, risk assessments and the compilation and analyses of detailed information from the audit business units. Thus when the SAI is using an annual overall audit plan the senior manager responsible for preparing the annual overall audit plan is communicating with the audit business units and with those responsible at the central level for the annual operational planning. The audit business units do not any longer have the same direct communication with the central level as other business units. The central level does not any longer have to prioritize

between the audit business units, but the directives state specific focus areas. The central level also has the final say and decides on what is proposed by the senior manager responsible for the preparation of the annual overall audit plan.

Separate annual audit plans may be prepared for the different audit functions, that is, you can have one annual audit plan for regularity audit and another for performance audit. Separate annual audit plans should be considered if there is a need to “protect” performance audit from being swallowed by the mandatory regularity audit, or if it is suitable for practical reasons. Another reason for having separate annual audit plans is when performance audit has a larger share of the audit resources. The coordination between two annual overall audit plans can be done at the central level or be delegated to a function responsible for common audit planning issues. More information on annual audit plans will be found in the audit manuals for performance audit and regularity audit and in the special guideline produced by AFROSAI-E: “Annual Overall Audit Plan guidance”.

7. THE BUSINESS AUDIT PLAN

The business units have to prepare their own plans. These are based on the directives from the Top management and the instructions from the senior manager responsible for preparing the annual audit plan. It is important that the preparations of the business plans commences in such a way that they can feed information into and comment on the work with the annual operational plan and the different functional plans.

Objectives and indicators for the business plans should be formulated as has been stated earlier. The plans should clarify

- Annual objectives to be achieved
- Current and development activities including audit tasks with timelines
- Staff deployment, development and training, days and areas
- Responsibilities and reporting.
- Use of resources, other staff, as venue and transport
- Budgets for the business unit as a whole and for the specific activities.

The development of the business plan is a basis for the preparation of the annual overall audit plan and other functional plans. These plans are also setting the frame for the business plans. It means that the business plans cannot be adopted before this has been the case with the more overall plans, especially the annual operational plan.

A business plan can also be used as some kind of contract/result agreement between the Top management/Senior management and the operational managers. The latter managers would in such a case have signed for annual results for which they are responsible.

8. THE ANNUAL PLANNING PROCESS

The planning process for the annual operational plan involves the Top Management with responsible support function (permanent planning unit/section/function or ad hoc coordinator/committee), the senior manager/business unit managers and the operational managers. The managers should ensure that their staff are fully involved in the planning process.

8.1 Planning the plan and its organisation

Compiling an annual operational plan is just like any other project which needs to be planned, budgeted for and to which resources should be allocated.

The annual operational planning process, including the implementation, monitoring and evaluation of the annual plan need to be organized. The different managers at departments, units, sections and functions at the SAI need to know what is expected of them, the deadlines to meet and who is responsible for what. Information which is necessary for the planning process will be presented as directives, planning guidelines etc. The annual operational plan should include information about the implementation of the plan and how it will be monitored and evaluated.

Special competence is required to develop and follow up strategic and annual plans with an accompanying management information system. As mentioned earlier, planning is a top management responsibility in an SAI. However, the coordination of planning activities and inputs are most often assigned to an ad hoc appointed coordinator or leader of a planning team or committee. It is therefore recommended that the SAI establishes a unit or appoints staff with a permanent responsibility to support the planning, direction, analysing, report writing, presentation, monitoring and evaluation of the planning process and its implementation.

8.2 The fiscal year, the annual operational planning and the audit year

The annual planning process and its relation to the fiscal year and the audit year differ somewhat between the SAIs in the region. The fiscal year starts in some countries in July while others follow e.g. the calendar year. The audit year for the regularity audit is adapted to the fiscal year. It means that it may start in April if the fiscal year follows the calendar year and the preceding audit year has finished in March. The end of the regularity audit year, interpreted as

when an annual audit report is latest to be submitted to parliament, is regulated in the legislation. Performance audit do not have such restrictions and its annual audit planning can follow e.g. the fiscal year.

The schedule for the annual operational planning depends on the start of the fiscal year, and the different audit planning years especially regularity audit, but also on the planning of the budget in the government. The annual operational planning has to start at such a time that the SAI can provide the necessary information for the budget process in the government and it has to be finished before the end of the ongoing fiscal year. The business units should be informed and develop their plans in accordance with the development of the Annual Operational plan, which should be signed before the new fiscal year starts.

8.3 Inputs for the Annual Operational Plan

The annual operational plan is to be a subset of the strategic plan, containing the objectives for the coming year and the tasks, activities and means necessary for the achievement of the objectives. The annual operational plan – similarly to the strategic plan of the SAI - should cover current or ongoing activities and objectives as well as developmental objectives and activities. It is important that the annual operational plan is covering all the aspects which the SAI is aiming to achieve. The holistic picture provided by the plan will enable the top management to adapt to new circumstances during the implementation of the plan and it will facilitate the learning process at the SAI. However as stated above this holistic picture should not include what is determined by the Office regulations, but concentrate on what needs to be prioritised and carried out during the year and not already stated.

The strategic plan with its base in the SAI's mandate and the AFROSAI-E's Institutional Capacity Development Framework is a very important but not an exclusive source for the annual operational plan. Figure 3 below describes other sources and also indicates what could be covered by an annual operational plan.



Figure 3. Inputs from different sources to the annual operational plan

Government

Regardless whether the SAI is part of public service or not, Government usually influences issues covered in the annual operational plan of the SAI, including for example what should be audited. Rules and regulations for the budget and accounting system could also have an influence on the design of the annual operational plan and what should be reported on.

Annual Events

It is impossible to foresee everything of importance that could or should happen during the period of a strategic plan. The SAI should via its environmental scanning and by its contacts with the stakeholders be aware of what should be added to the annual breakdown of the strategic plan. An example is the recent global financial crisis which most organisations had not factored in their plans.

Head of SAI

The stakeholders try in different ways to influence what should be audited and by that what should be covered by the annual operational plan. The approaches to influence the SAI are mostly done via the top management. It is then up to the Head of the SAI to decide to what extent the views should be considered and by that included in the annual operational plan.

Business units

The annual operational plan is a prioritization of what the different business units want to achieve during the year. Further detail on the preparation and contents of the audit business units plans is presented in chapter 7. The interaction between the business units and the top management is described in chapter 8.

8.4 Formulation of Annual Objectives

The annual objectives must be formulated in such a way that they are possible to monitor and evaluate preferably directly via performance measures, but when this is not possible via indicators. The design of the monitoring of the annual operational plan should therefore be done at the same time as the design of the plan and its objectives.

Audit and audit reports have to be relevant and value adding. They should contribute to a true and fair financial reporting and to transactions based on proper legislation. The performance reporting should contribute to the economic, efficient and effective use of resources and when need be to change. The result of the audit is most important. The objectives in the annual operational plan should therefore be result orientated with result orientated performance measures/indicators when need be for monitoring and evaluation.

Other more formative requirements should also be considered when the result orientation of the objectives has been satisfied:

S = The objectives should be specific.

M= The objectives should be measurable. If that is not possible, then measurable indicators should be supplied.

A = The objectives should be achievable

R = The objectives should be relevant.

T = The objectives should be timely. It means that the objectives should relate to the specific year.

Development work is generally carried out as projects. This may imply that reporting have to be made for the part of the work that has been carried out during the year. The annual operational plan should therefore for the development work include objectives or statements of what is expected to be delivered/to be the result for the planning year.

The indicators should preferably be measurable. It may be that qualitative information is difficult to capture by numbers and that have to be accepted. Assessments of/comments on to what extent annual objectives have contributed to the achievement of the strategic objectives generally also have to be expressed in qualitative terms.

Table 1 below exemplifies the relations between strategic goals/objectives, annual objectives and performance measures/indicators. The annual objectives with performance measures/indicators, when necessary, are used for both the implementation and the assessment of the strategic plans. Performance measures/indicators can also be used for the follow up and evaluate the strategic plans, instead of or as a complement to the annual objectives.

Table 1. Relations between strategic goals/objectives, annual objectives and performance measures/indicators.

Strategic goals/objectives	Annual objectives	Performance measures/indicators
To increase the audit coverage 80% during the strategic planning period 2011-2014	To increase the audit coverage to 70% during the fiscal year 2011	The audit coverage in percentage during the fiscal year
To sign off 20 performance audit reports during the strategic planning period 2011-2014	To sign off 6 performance audit reports during the fiscal year 2011	The number of signed off performance audit reports during the fiscal year
To establish a quality control system during the strategic planning period 2011-2014	To establish a quality assurance function of 1 + 3 persons during the fiscal year 2011	The establishment of a quality assurance unit consisting of 1 + 3 persons
To develop a quality assurance manual during the planning period 2011-2014	An adopted project plan at the end of the fiscal year 2011	(There is no need of a specific indicator for this annual objective as the objective is easy to measure.)

To improve our communication with the parliament and the PAC during the planning period 2011-2014	To develop a SAI communication strategy for the relation with the parliament and the PAC during the fiscal year 2011	A proposal to a communication strategy
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8.5 The Prioritization Process

The Head of SAI has to prioritize between objectives and between the different wishes and demands from the business units. Table 2 below lists important information for a prioritization. Some of the information, as risk, has to be elaborated and analysed before it can be included in the table. AFROSAI- E has produced a guideline “Risk management Guideline for SAIs 2010” as a support for the SAI’s management of risks for its own organisation. How to manage risk for the audit is included in the AFROSAI-E’s temple audit manuals.

The planning of the activities, the budget and the use of staff should be done parallel as the intended results of the activities are dependent on available resources, financial and personnel. The information achieved as a result of prioritization as well as the coordination between the different the plans in the SAI will be used to provide the Ministry of Finance with the relevant documents. If the SAI is out of the Civil Service the receiver of the information could be a special Board/Committee. The information is also used for internal budgeting and for internal budgeting. The budget information is therefore very important for the preparation of the annual operational plan.

A SAI’s most important resource is its staff. How to use the staff in the most efficient and effective manner is therefore an important matter and it is a major argument for a proper annual operational planning. The staff is engaged in different operational activities but also in development projects and their own capacity building. How to balance the development activities including capacity building and the different ongoing annual activities such as regularity audits is a major task for the prioritization. Information from performance appraisals, recruitments, training activities etc. are therefore important inputs for the annual operational planning process.

8.6 Information gathering and analysing

The process of compiling an annual operational plan at the central level begins with obtaining the source documents used for further analysis. The person responsible for information gathering should understand the environment in which the SAI operates in order to identify and obtain the source documents for further analysis.

Source documents which contain information that may contribute to this purpose are listed in Table 3. below. Some of these source documents may have been already considered during the strategic planning. However, officials tasked with compiling an annual operational plan for the SAI should be familiar with all the source documents listed below in order to understand the contents and provisions included in other plans. Some of these documents are also relevant for the planning of the annual audit plan, the business plans and the functional plans.

SAIs should have a well functioning area watching (performance audit) or environmental scanning function in place to inform and enrich the planning process. Results of such scanning are inputs to the strategic and to the annual operational planning process. The scanning will collect information about and from the stakeholders.

The environmental scanning should focus on important and risky areas. The result of the scanning is therefore a very important input in risk management and risk analysis. It should be a current activity on the strategic and operational levels. The strategic environmental scanning can preferably be done by a section/function responsible for planning, monitoring and evaluation. The operational environmental scanning is to be done by the business units.

Standards are important for the regularity audit planning and therefore how information is gathered and analysed. What should be audited is covered by ISSAI 1315, while ISSAI 1600 provides a basis for selection of audit objects.

It is important that the information gathering and analysing is efficiently integrated in the planning processes to minimise the risk of staff either spending too much or too little time on this activity. The organization of the environmental scanning must cover the present audit mandate: the present number of auditees, at the central, regional or local level, including companies and parastatals audited by the SAI as well as other stakeholders. The environmental scanning should also cover the different kinds of audit fields: regularity audit, performance audit etc. HR and other support functions also need to carry out their environmental scanning.

Table 3. Sources for annual planning (a complement to environmental scanning with its external focus)

WHAT INFORMATION SHOULD BE AVAILABLE FOR THE PLANNING PROCESS?	SOURCES / DOCUMENTS	WHERE DO WE FIND IT?
National priorities and goals	State of the nation address Official statements by the President / Prime Minister or high level officials	Government website / library Newspapers
List and nature of government entities to be audited	List of government entities	Budget statements Lists from the Ministry of Finance
Budgeted expenditure government entities	Budget statements	Ministry of Finance SAI library
PEFA indicators applicable for the SAI's performance Country specific PEFA evaluation where applicable Expectations on SAI's reports from Parliament and key stakeholders	Stakeholders (Parliament, media, donors)	Website for PEFA: http://www.pefa.org Search website for individual country PEFA reports Stakeholder surveys, inter-views, conference reports, minutes of meetings Donor agreements
Other SAIs and professional bodies, e.g. ACCA, ISACA, CIPFA	Manuals Technical updates	Internet Relevant bodies
Mandatory audit responsibilities of the SAI Reporting timeframes for SAI and for auditees	Legal framework for the SAI and leading financial regulations	Public Audit Act and other Acts and Regulations, for example Public Finance Act and Regulations
Strategic directives, priorities identified for the SAI with relevant provisions for activities, targets and deliverables	Strategic plan	SAI library, Intranet
Budget statement, planned budgeted expenditure of the SAI	SAI budgets	Ministry of Finance
Relevant internal policies describe may include a risk policy, human resource policies, IT policy	Internal policies of the SAI	SAI library, Intranet
Actual performance against targets (for example number of audits finalized on time against	Reports and feedback from business units Consultations	Business unit performance reports

WHAT INFORMATION SHOULD BE AVAILABLE FOR THE PLANNING PROCESS?	SOURCES / DOCUMENTS	WHERE DO WE FIND IT?
what was planned) Problems experienced Suggestions and ideas Constraints		
Capacity of audit staff	Performance assessments	Summary of performance assessments for the SAI
Level of compliance with manuals, standards and guidelines of the SAI Capacity of audit staff	Quality assurance reviews or reports	Quality Assurance unit SAI library, Intranet
Risk on a national level	Audit reports for the prior year Internal audit reports Consultations with responsible auditors Annual report of the SAI	Audit business units Audit files Library
Human resource statistics on the number of audit staff, qualifications and experience	Resource information	HR unit Audit business units Performance appraisals

8.7 Analysing and Processing of Information

Information obtained is analysed and processed by using different templates at the central and e.g. the business unit level. Analysis and processing includes an understanding of different elements and prioritising. The considerations and the way it is documented may differ, depending on the nature and contents of the planning level. The communication between the different planning levels will therefore be very important, as is described in the following sections.

8.8 Communicating and Concluding on the Plan

As highlighted earlier, annual plans are built on information from many different sources and they are the result of prioritisation and coordination between different interests at the SAI. Consequently, during the compilation of the annual operational plan there is a need for a constant interaction and information flow within the SAI. The planning process can be in progress during several months, depending on the size of the SAI and how it organizes its planning process. It is important to involve the staff as much as possible in the process in order to get inputs and also to inform them about the decisions and conclusions of the planning process.



This is a responsibility for management at all levels, especially at the business unit level. It is important that all staff within a SAI should be allowed to participate by providing inputs at certain stages of the annual planning process.

Communication, both internal and external, is important during the annual operational planning process. Views from the key stakeholders should be gathered during the planning process. The annual operational plan may also be distributed to them when it has gone through the relevant approval procedures. However, communication within the SAI is also important for the success of its implementation. All managers and staff must be familiar with the contents. It is therefore important to involve the staff and the managers as much as possible in the annual planning process and the following monitoring activities.

Figure 5 below provides in 4 sequences, A, B, C and D an overall picture of a typical interaction during the planning process between the top management or the function responsible for the annual operational plan and the management at business units. If a SAI is using an annual overall audit plan, the communication with the audit business units is partly substituted with communication with the senior manager responsible for the preparation of the annual overall audit plan. Top management should be heavily involved in the important decisions in the planning process. The preparation of different documents, collection of information etc. is preferably carried out by persons who are professionals in planning etc. and who are working on full time with these tasks.

The exemplified process commences by top management issuing draft directives (1). The draft directives should be based on information from the strategic plan of the SAI, from the monitoring/evaluation of the preceding annual plans, budget estimates from the Ministry of Finance and other considerations, see sources of information in Table 2. The draft directive is to be (2) commented on by the business managers, who should involve the staff in a proper way to get input for the comments during this sequence but also during the rest of the planning process.

This will be followed by the preparation of the final directives (3) which are issued for the business units. An example of a directive is presented in Annexure 4. These directives are used by the business units in compiling their annual business unit plans as described.

A dialogue is carried out with business managers when more information is needed or explanations are required. The different objectives/tasks at the business units have to be coordinated and be possible to carry out within the planned budget frame. A draft annual operational plan (5) is sent to the managers at the business units. The managers are provided an opportunity to comment on the draft (6).

Top management have to consider the comments given and decide on a (7) final annual operational plan, which is distributed to the managers at the business units. It is now up to managers to adapt their business plans and the functional plans and then start implementing the plans (8). If the SAI is using an annual overall audit plan, the adaptation can include further coordination between the different business audit units covered by the plan.

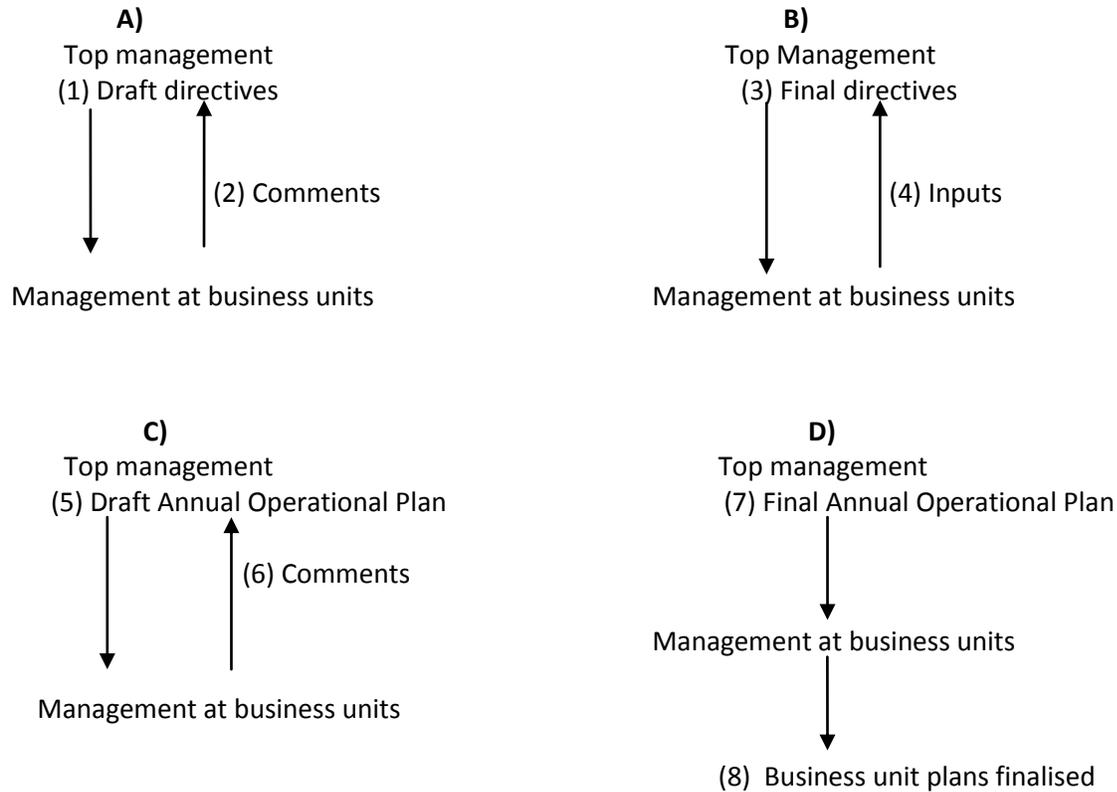


Figure 4. Example of communication during the annual operational planning process. The figure does not include the communication between the senior manager responsible for the annual overall audit plan and the audit business units.

For new areas of the plan there may be a need to provide for more information gathering activities and analysis to take place within the responsible business units. This information gathering should typically take place between processes 1-4 above. For example, when a specific element such as IT audit is identified for further training a draft directive is sent to the SAI's HR unit or training function or technical support business unit informing the unit to plan for such training. The business unit should then do further information gathering to find out more details on the training requirements, timing and resources required for the training.

8.9 Documentation and Dissemination

Annual plans are documented in the format identified by the SAI. Reference can be made to Annexure 3 for example of a format of an annual operational plan.

Communication and dissemination of the annual operational plan is a vital step in the planning process and SAI's communication process with key stakeholders. Dissemination of the annual operational plan to external key stakeholders should be done in accordance with the SAI's communication policy. For information about such a policy see AFROSAI-E's Handbook on Communication for Supreme Audit Institutions.

8.10 Implementation of Provisions of the Annual Operational Plan

The biggest test of any plan is in its implementation. What needs to be done is usually well defined in the annual operational plan but there is often a need for further guidance during the implementation process on how to make the provisions operational.

9. MONITORING AND EVALUATION

The monitoring and evaluation processes assume the availability of relevant and reliable information relating to specific aspects defined in the SAI's annual operational plan. A prerequisite for proper monitoring and evaluation is therefore that the result orientated annual objectives are formulated in such a way that they can be directly used for the assessment. If not, performance measures/indicators need to be formulated for the monitoring and the evaluation. Information about how the monitoring and evaluation will be carried out should be available in the annual operational plan.

There is a difference between monitoring and evaluation in the sense that monitoring helps you to answer questions about what has happened, while evaluation also should provide you with answers why it happened. Thus it is only via evaluation that you can get information on causes to changes. Both monitoring and evaluation can use performance measures/indicators to get the proper answers. However, the performance measures/indicators for evaluation will be more complicated and often have to be supplemented by other information sources. This means that evaluation is more costly and something that is mainly used at the end of a planning period or for a very specific purpose.

The monitoring of the annual operational plan should preferably be done on a quarterly bases. The SAI should decide how the monitoring should be organised and what kind of information should be available at the quarterly meetings between Top management and business unit managers/those responsible for functional plans.



The SAI should have management information systems in place to provide for the necessary information specified in the annual operational plan. Time sheets which enable follow up of costs are a necessary tool. The management information system should provide periodic reports to the management of the SAI. This will assist management in the periodic monitoring of the implementation of the plans and also in taking timely corrective action where necessary.

Examples of the kind of information which could be available from the management information system are listed below. However, what is crucial is that the information should represent important facets of the annual objectives and its performance measures/indicators.

- Staff turnover including recruitment, retention and exit (quarterly and annually)
- Staff development and training results (quarterly and annually)
- Number of audits undertaken for different types of entities (ministries, local government, parastatals etc.) (quarterly and annually)
- Progress of audits and status of audit reports (quarterly and annually)
- The result of the quality assurance carried out (annually)
- Budget spent and a prognosis for the rest of the year (quarterly and annually)
- Time spent on operational activities (audit hours but e.g. not administration or training) (quarterly and annually).

The monitoring and evaluation should also cover other kinds of information. The coverage could e.g. include how mass media covers the SAI and its activities and how the SAI interact with society via participation in external workshops and conferences.

The SAI has to decide what kind of information it is going to use for internal purposes and what kind of information it is going to use e.g. in the SAI's report on its own performance. For the latter report the SAI may also have to include information that is not always suitable for quarterly monitoring. The information could for example include time for submission of the annual audit report to parliament from the beginning of the audit and audit coverage in percentage of the national expenditures. For more information on how to report on the result of the annual operational plan is referred to AFROSAI-Es guideline: Reporting on the performance of a SAI.

Glossary

The Strategic plan

The strategic plan contains the long term vision and objectives of the SAI usually for a term of 3-5 years. It entails the process of defining its strategies, or direction, and making decisions on how to allocate the available resources including budgets and people to pursue this strategy. The strategic plan includes the way forward for areas requiring development in the SAI, but it also makes provision for ongoing matters, where no specific development needs are identified. The different departments/units/functions at a SAI can also have developed their own supplementing strategic plans. AFROSAI-E has in cooperation with IDI developed a handbook for strategic planning. You are referred to this handbook for further details about strategic planning.

The Annual Operational plan

An annual operational plan is the subset of the strategic plan. It details the actions required to implement the strategies in the Strategic plan on an annual basis, assigning responsibilities, setting timeframes, identifying resources required, and indicating what difference the specific actions will make. It describes short-term ways of achieving objectives and explains how, or what portion of, a strategic plan will be put into operation during a given operational period, in the case of SAI - a fiscal year or another given budgetary term. Thus the annual operational plan has an important coordinating role: a coordination between needs and plans and coordination between activities and resources.

The Annual audit plan

The annual audit plan is a subset of the annual operational plan, which provides further details on how the annual objectives related to the core audit functions will be achieved. The annual audit planning process includes the prioritisation of audit work based on instructions from responsible for the annual operational planning, risk assessments and the compilation and analyses of detailed information from the audit business units. Annual audit plans clearly state the audit coverage for the year and address backlogs where applicable. The annual audit plan can be divided in two, a performance audit and a regularity audit part. If the SAI is small the function of the annual audit plan is carried out by the annual operational plan.

The Functional plan

The functional plan can be annual or cover several years. Examples of this kind of plan are development, and communication plans. The preparation of the plan involves several units of SAI. The plans are prepared by the relevant business units/section or function if the involved staff members are few. The development plan which includes training is e.g. prepared by the Human Resource unit/function in cooperation with other units.

The Business unit plan

The business unit/section or function level plan will provide information on the activities of the organisational unit on an even more detailed level. This plan will be dependent on communication with the annual operational plan directly or indirectly if the SAI is using an annual audit plan. The annual audit plan serves in the latter case as a link or nod between the annual operational plan and the business unit/function plan.

Core processes

Core processes contribute directly to the achievement of the objectives of an entity. For a SAI the core process is identified as the audit process which aims at the production of an audit report.

Support processes

Support processes provide services to core functions. Examples include human resource, communication and administrative processes.

Directive

A directive is an order or instruction typically issued by top management of the SAI.

AFROSAI-E INSTITUTIONAL CAPACITY BUILDING FRAMEWORK (ICBF): A GENERIC FORMAT OF THE INSTITUTIONAL PERSPECTIVE

5 Domains with elements for all the 5 levels in the ICBF				
Independence and Legal Framework	Organisation and Management	Human Resources	Audit Standards and Methodology	Communication and Stakeholder Management
1. Independence of the SAI <ul style="list-style-type: none"> a. Constitutional/legal framework b. Financial autonomy c. Managerial and administrative autonomy d. Appropriate human, material and monetary resources 2. Independence of the Head of SAI and officials of the SAI 3. A SAI with a sufficiently broad mandate 4. The Head of SAI and his/her staff have mandate and discretion to discharge its function:	1. Leadership and direction 2. Strategic planning 3. Annual operational planning 4. The organisation of the SAI <ul style="list-style-type: none"> a. Organisational development b. Existence of a performance audit function c. Existence of an IS audit function d. Existence of an IT support function 5. An internal control system in line with	1. A human resource and professional development policy (including: <ul style="list-style-type: none"> - Recruitment - Remuneration - Performance management system - Career development - Training - Staff welfare - Professional development - Job rotation - Retaining - Exit) 2. Development plans aligned with the strategic and annual operational plans	1. Annual audit plan covering: <ul style="list-style-type: none"> - Assessments of constraints - Current issues and stakeholder expectations - Risk assessments in place for prioritizing audit risk - Clear statement of audit coverage - Activity plans for regularity and performance audits - Addressing of backlogs 2. Audit manuals: <ul style="list-style-type: none"> a. Aligned to international standards b. Connected to a training programme c. Reviewed and updated regularly 	1. Communication policy and strategy covering internal and external communications based on: <ul style="list-style-type: none"> - Legal framework - Vision, mission and values - Stakeholder analysis (including prioritisation) - SWOT or similar analysis - Gap analysis considerations 2. Channels of communication between SAI and Parliament, PAC and Judiciary 3. Ad hoc meetings with Ministry of Finance and oversight bodies

Independence and Legal Framework	Organisation and Management	Human Resources	Audit Standards and Methodology	Communication and Stakeholder Management
<p>a. Access to information b. Discretion in selection of audit issues c. Freedom to decide on content, timing of audit reports and to publish and disseminate them d. Direct submission of reports to Parliament</p> <p>5. Effective follow up mechanism at the SAI on its recommendations</p> <p>6. SAIs reporting on its own activities and use of resources</p> <p>7. Oversight and accountability: the Parliament or an oversight body appoints the SAI's external auditors</p>	<p>International standards</p> <p>6. Use of resources: a. A management information system (MIS) tracking key management information b. A time recording system to enable reporting of staff costs</p> <p>7. Code of ethics and its monitoring</p>	<p>3. Management of personnel a) Recruitment b) Development c) Staff welfare d) Performance appraisals e) Retaining f) Filling of vacant posts g) Exit</p> <p>4. Training aspects with monitoring and evaluation mechanisms for a) New entrants b) Management development c) On the job training d) Secondments to other SAIs e) Audit/accounting qualifications f) Coaching and mentoring process</p> <p>5. SAI capacity to train its staff</p>	<p>3. Quality control measures and quality assurance: a. SAI policy and procedures b. Roles and responsibilities c. Type of review specified and planned, including nature, scope and frequency d. Implementation of a quality assurance handbook or guidance for full compliance to international standards</p> <p>4. Quality assurance processes performed by others</p> <p>5. Audit techniques such as electronic working papers and computer assisted audit techniques (CAATS)</p>	<p>4. Internal communication including a. Alignment of staff to SAI's vision, mission, goals and objectives b. Implementation of effective information sharing practices</p> <p>5. Promotion of the SAI via a. Engagement with: - Media - The public - Academic institutions - International community and organisations b. Use of effective information sharing practices</p> <p>6. Audit performance and results: a. Audit coverage of expenditure b. Number of signed performance audit reports</p>

Independence and Legal Framework	Organisation and Management	Human Resources	Audit Standards and Methodology	Communication and Stakeholder Management
		<p>6. SAI capacity to use information and develop knowledge and skill</p>	<p>6. Implementation of the SAI communication strategy for the audit process with the auditees.</p> <p>7. SAI communication with</p> <ul style="list-style-type: none"> a. Relevant experts b. Professional bodies c. Relevant journals d. Internal audit e. Other public sector audit institutions <p>8. SAI reporting should include:</p> <ul style="list-style-type: none"> a) Follow up on previous recommendations b. Standard structure of reports, used friendly with materiality considerations 	<ul style="list-style-type: none"> c. Number of/percentage of performance auditors in relation to total audit staff d. Integration of IS audit in regularity and performance audit e. Coverage of IS audit f. Time for submission of the annual audit report to Parliament from the beginning of the year g. Time for implementation of the recommendations h. The key stakeholders view on the benefit of the audit

The ICBF is a generic model, that is it does not inform the user of the conditions for the different elements in the 5 domains at the five levels in the Framework. A Guideline has been developed for that purpose. The Guideline is available via the AFROSAI-E Secretariat (www.afrosai.org.co.za).

Example of a Format for an Annual Operational Plan

There is no standardized format or generally accepted best practice for the format of an annual operational plan. The example below shows what generally can be covered by an annual operational plan. However the details of the information and its disposition can differ by the use of appendices or because of that the SAI, dependant on its organizational structure, is disclosing some information in internal documents.

1. Foreword by the Head of SAI (HoS)

Information formulated with encouraging/positive words about the major things that is expected and planned to happen during the forthcoming year. The HoS could e.g. underline what is to be done to make the SAI more relevant and what kind of actions and tools are the intended instruments to achieve this. Major results recently achieved or expected during the forthcoming year from the key processes (audit units) and support processes (adm, HR, communication etc) could be highlighted. The managers and the staff at the whole Office should feel that the plan is important for them.

2. The strategic plan and the annual operational plan

The aim with the chapter is to inform the reader about the purposes of the different plans and how they are interlinked. The goal, the objective and visions from the strategic plan are highlighted, both the ones which are focused on the direction and ambition of the audit, e.g. audit coverage, and those that focused on development of the SAI.

The annual operational plan should describe what the SAI wants to achieve during the year. The plan should cover all activities, key and support processes, at the SAI. The plan should also include the resources for the planned activities, as the annual operational plan should be the important tool for steering/control and monitoring of the planned activities for the year.

The annual operational plan includes for all the different units/functions a description of the direction of their ongoing work and their involvement in development work (projects).

The chapter includes a summary of the annual objective for the different units/functions dependant on how the SAI is organized.

3. The regularity audit units

The introduction could provide information about the planning process for regularity audit, the time schedules and how information for the audits is gathered via environmental scanning. Common risks, focus areas and audits as team audit, could be outlined in the introduction. The introduction could also include information on what the regularity audit units are to report on internally with the relevant indicators for the fulfilments of the objectives.

The annual objective(-s) and the possible involvement of the unit/function in special audit, cooperation with other units/functions and development projects are stated for the individual audit units/functions. The aim with the environmental scanning is clarified if that not already has been done. The budget for the unit/function is included according to the regulations in the country and at the SAI.

4. The performance audit units

The introduction could provide information about the planning process for performance audit. The process can be an ongoing process as the time for individual performance audits vary and does not always follow the budget year. The plans for the projects/audits as outlined in the annual operational plan can therefore be changed when it is time for a specific audit to commence. How information for the audits should be gathered via area watching/environmental scanning could be included. The introduction could also include information on what the performance audit is to report on internally with, when relevant, indicators for the fulfilments of the objectives.

The annual objective (-s)/direction and the aim of the audit for the unit and maybe areas for development of knowledge to be used for possible future audits are stated for the individual unit(-s)/function. The audit projects (general survey, pre-studies and main studies) to be carried out should be described with information about the time when they are assumed to commence and be finished. It should be highlighted, if there is a special focus for the area watching/enviromental scanning. Involvement of the unit/function in special audit, cooperation with other units/functions and development projects should be stated. The budget for the unit/function is included according to the regulations in the country and at the SAI.

5. The HR unit/function

The introduction could provide information about the unit's/function's responsibilities.

The annual objective (-s)/direction for the unit/function should be stated. Prioritized areas for the unit/function should be highlighted e.g. capacity building and administration of staff (recruitment, employment issues etc). Involvement of the unit/function in development projects should be stated e.g development of leadership and training of the auditors. Information of the units role in the Top management's planning and follow up should be outlined as well as the follow up of the unit/function. The budget for the unit/function is included according to the regulations in the country and at the SAI.

6. The Communication unit/function

The introduction could provide information about the unit's/function's responsibilities. It should be highlighted that communication is of relevance for all processes at the SAI even if there is a special unit/function for communication.

The annual objective (-s)/direction for the unit/function should be stated. Prioritized areas for the unit/function should be highlighted e.g. media, production and publication and advice on communication issues. Involvement of the unit/function in development projects should be stated e.g development of communication policy/ communication plan and development of language, format and content in reports etc by the audit unit. Information of the units role in the Top management's planning and follow up should be outlined as well as the monitoring of the unit/function. The budget for the unit/function is included according to the regulations in the country and at the SAI.

7. The administrative unit/function

The introduction could provide information about the unit's/function's responsibilities such as budget/accounting, planning and monitoring, administrative service, procurement, juridical support and venues.

The annual objective (-s)/direction for the unit/function should be stated. Prioritized areas for the unit/function should be highlighted e.g. how to improve the economic forecasts and the follow up of the budget and the development of the archive. Involvement of the unit/function in development projects should be stated e.g development of the external and

internal accounting development of administrative service (e. g. the mail function and the reception). Information of the units role in the Top management's planning and follow up should be outlined as well as the follow up of the unit/function. The budget for the unit/function is included according to the regulations in the country and at the SAI.

8. Other units /functions in separate chapters dependant on how the SAI is organized such as units/functions for Planning, IT and Methods and quality.
9. Monitoring and evaluation of the present annual operational plan and the planning process of the forthcoming.

The information could include how often the HoS is monitoring the annual operational plan. A good practice is to do it three times per year, while at the section/unit level the monitoring is a continuous process of all activities. The text should outline how the quarterly monitoring are to be organized. The first meeting can for example have an emphasis on the activities as such, while the last meeting will be a summing up of the year.

Information could be provided about the planning process, which should not only cover the direct work with annual operational plan but also the planning process at the department level with annual audit plans and the planning at the unit/function level.

10. The SAI's budget

The overall budget picture for the organizational units (e.g. staff, travel, consultants, other costs) and for the different processes (e.g. staff, travel, consultants, other costs)

11. Appendices

The appendices could include

- The Audit Office membership in international committees and working group.
- More detailed information about the planned performance audits if the information is not provided in the text.
- Publications by the SAI



Appendix 4

Example of a draft directive/instruction for an annual operational planning process

The Annual Operational Planning for year 201???. An instruction for the senior managers responsible for the functional plans and the business units plans.

(The Annual Operational plan does not include tasks that are covered by the SAI's Office regulations)

Introduction

The annual plan for 201??? should be characterized by continuity and concentration. The planning process will be built on:

- The Strategic plan for
- The risk analysis for
- Preliminary conclusion from the strategic environmental scanning function
- Results from the area environmental scanning at the business units
- Preliminary budget information

The strategic direction and the annual operational plan for 201?? (the present year)

- A follow up is to be done against the strategic direction (goals/objectives) and the objectives/ tasks in the annual operational plan for 201? (last year)
- Deviations from the directions should be commented on
- Any proposal shall be motivated with reference to the strategic direction and the risk analysis for 201?? (the present year)
- Suggestions for a change of the strategic direction can be disclosed
- Proposals made should consider changes in the environment of importance for the SAI
- Some objectives and tasks not finished are still relevant. Of special importance are:
 - The capacity building
 - The development of external communication
 - The changing of reporting for performance auditing



The economic frame

Attached, Appendix I, is disclosed a very preliminary budget for 201???. It is based on this year's budget and very preliminary information from Minister of Finance. Consequences of the preliminary budget shall be analysed. Proposals for changes should be explained and motivated. The final budget will be decided on when the budget has been approved by Parliament.

Development projects

The internal control system at the SAI needs to be improved. Any proposal will have consequences for all business units. A committee with representatives of all business units under the chairmanship of senior manageris to be established. A project proposal is to be submitted at latest before the project can commence.

The support from administration has to be improved, especially transport and IT support. A project proposal is to be submitted by the senior manager of administration after consultation with the functional manager for IT-support.

Common for performance and regularity audit

Quality development and peer review

The quality control system has to be improved. A quality assurance unit of 1+3 auditors is to be established. A proposal shall be prepared by senior manager

Capacity Building

The staff turnover is too high both for performance and regularity audit. The senior manager for Human Resource shall present a proposal at latest in September on how a retention mechanism can be developed to keep and increase the capacity building at the SAI.

Performance audit

Quality development

There is a need to improve the quality of the planning process as last years' experiences show problem to keep the time and budget schedules. The senior manager, responsible for the performance audit planning shall present measures at latest in October on how to improve the planning for performance audit .



Audit proposals

Proposals on what to audit and on pres-studies and general surveys should be presented for 201??? and 201????

Cooperation with regularity audit

It is important to increase the cooperation between the performance audit and the regularity audit units. The senior managerresponsible for planning of performance audit shall at latest after consultation with the senior manager responsible for the preparing of regularity audit/the draft annual audit plan present proposals on how the cooperation can be improved.

Regularity audit

Audit manual

The AFROSAI-E template regularity audit manual shall be adapted for our needs. An assessment of the resources needed and how the process of adaptation can affect the audit during 201??? shall be presented by the senior manager responsible for planning of regularity audit/the planning of the annual audit plan before the end October.

Audit proposals

The senior manager responsible for planning of regularity audit/the annual audit plan shall present a proposal at latest in November how the following annual objectives for 201??? will be achieved:

- The audit coverage for central and local governments shall be 80% for 201???
- The SAI shall during 201??? audit 5 of the most important parastatals with its own staff. The audit of the rest of the parastatals shall be outsourced.
- Transversal audits shall be carried out of the audit of payment for the Ministries of Education and Health



Human Resource

The senior manager for Human Resource shall present a plan on how to implement the new performance appraisal system at latest October. The implementation shall commence during 201??? and by managed by the Human Resource unit.

A stakeholder analysis shall be carried out during 201???. Its purpose is to find out to what extent ¼ of the auditees is satisfied with the way the regularity audit is carried out. The result is to be presented by the senior manager for Human Resources at the end 201???

See also under Common for performance and regularity audit.

Communication

The Communication manager shall at latest in July present a plan on how to improve the SAI's relation with Parliament.

Employment of another two communication experts shall be done during year 2011. One of the communication expert shall work as press officer.

Time Frame

(The timeframe includes milestones from the beginning of the planning period to its end when the A G signs the Annual Operational plan. The milestones should include the management meetings where drafts of part of or the whole Annual Operational plan is discussed. Important milestones will cover the SAI's risk analysis, the budget in its different stages and the necessary prioritisations.)