



2018

**INTEGRATED
ANNUAL REPORT**



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ABOUT THIS INTEGRATED REPORT

This is our eighth consecutive annual integrated report. All our reports are available on our website: www.afrosai-e.org.za.

Reporting policies, principles and procedures

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

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

Report content, scope and boundary

This report includes information on the financial and non-financial performance for the period 1 January 2018 to 31 December 2018 of AFROSAI-E, of which the Secretariat is based in Pretoria, South Africa. No specific limitations were imposed on the scope and boundary of this report. It covers the activities of the Executive Secretariat established in terms of Article 7(1)(b) of the Statutes. The activities and the operations of member SAIs fall outside the boundary of this report. We report on member activities in a separate publication called the *2018 State of the Region: Institutional Capacity Building Framework Self-Assessment Report*.

Article 17(1) of the Statutes requires the organisation, to the extent possible, to implement an integrated reporting approach. This report contains comprehensive information on the financial performance for AFROSAI-E based on our Corporate Plan for 2015 – 2019, the Work Plan and Budget for 2018

and; is in accordance with the Statutes and Regulations of AFROSAI-E as amended in May 2013.

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

Significant restatements from prior reports

There were no restatements from the previous report. However, adjustments have been made to present information relevant to our operations as provided for in the updated GRI Standards.

Significant changes regarding the organisation during the reporting period

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

External assurance

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

The Governing Board remains accountable

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

ABOUT AFROSAI-E

WE ARE A MEMBER-BASED INSTITUTION WITH THE 26 HEADS OF SUPREME AUDIT INSTITUTIONS (SAIs) FROM THE ENGLISH-SPEAKING AFRICAN COUNTRIES MAKING UP OUR GOVERNING BOARD

We are committed, through innovation, to cooperate with and support our member SAIs to enhance their institutional capacity to successfully fulfil their audit mandates. Ultimately, it is our vision **to enable members to make a difference in the lives of citizens**

The implementation of this vision is spearheaded by our Executive Secretariat, which is hosted by the Auditor-General of South Africa. The Secretariat activities are guided by the strategic goals and operational interventions, outlined in our 2015 – 2019 Corporate Plan and further operationalised by annual Work Plans.

Members of the Governing Board meet annually to engage in strategic discussions and oversee the main activities of the organisation, implemented



Members of the Governing Board at the 2018 meeting in Rwanda

on its behalf by the Secretariat. Oversight is done through four subcommittees, each governed by a specific term of reference:

- Capacity Building
- Audit
- Finance
- Human Resources

Each board member serves on one of these subcommittees and the outcomes and recommendations stemming from their deliberations are considered for endorsement by the full Board.



Meeting of the HR Subcommittee



Meeting of the Finance Subcommittee

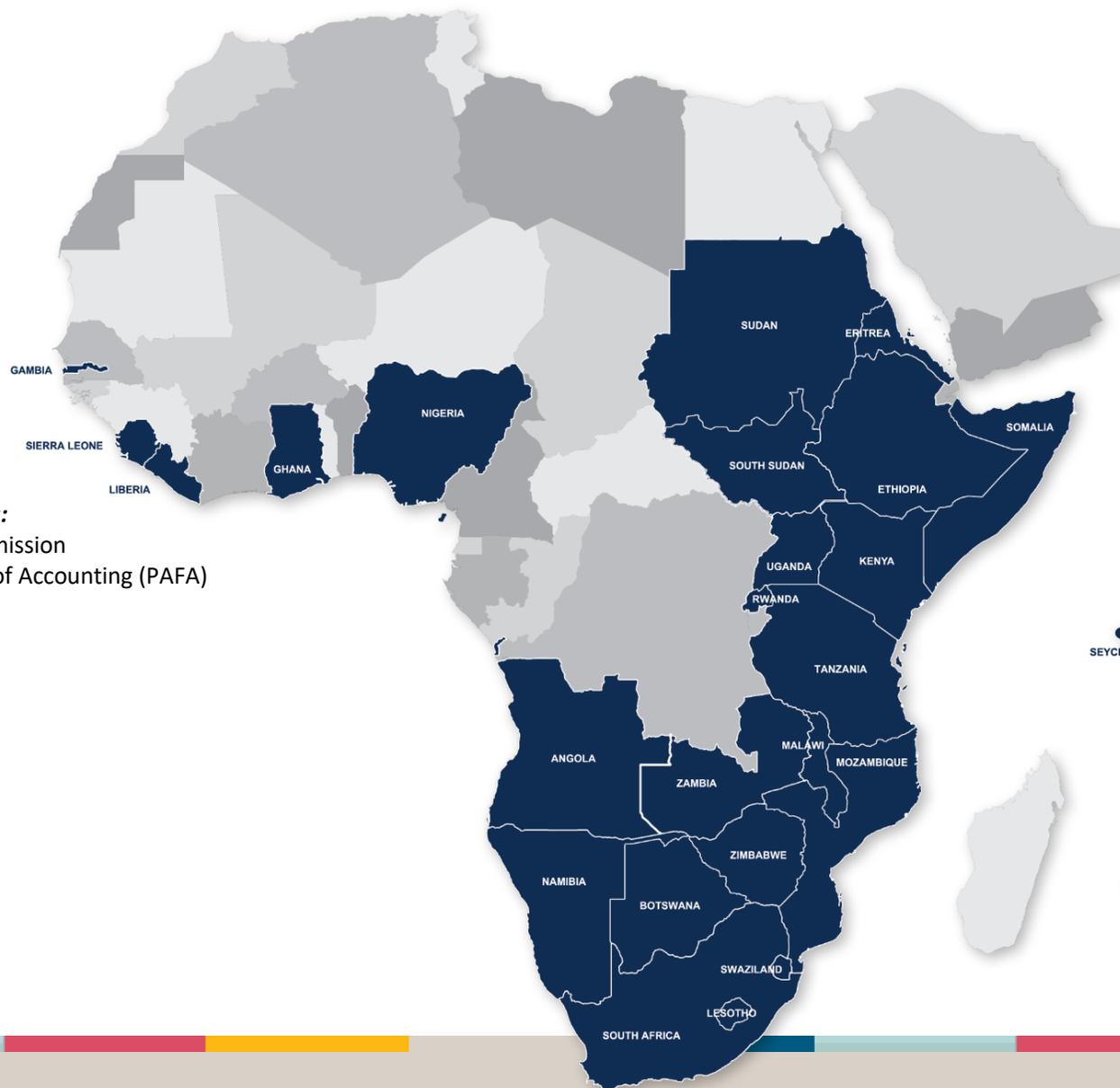


Meeting of the Audit Subcommittee



Meeting of the Capacity Building Subcommittee

26-MEMBER SUPREME AUDIT INSTITUTIONS



Our Associate Members:
The African Union Commission
Pan African Federation of Accounting (PAFA)

OUR PARTNERS AND DONORS

The incredible support from our partners and donors were invaluable in the achievement of our activities. The long-standing partnerships we have with these institutions have been instrumental in the growth and development of the region. In addition to funding support, we have been fortunate to gain from the knowledge and experience from their expert resources.



CHAIRPERSONS REVIEW



I look back at the penultimate year of our current corporate plan period with pride in what we have achieved as a region. Public demand for greater transparency and accountability continues to drive our collective goal of being relevant, high performing SAIs. Our continued efforts to be relevant were well-reflected in the ongoing activities and new initiatives implemented in the region this past year.

We started the conversation about holistic reporting on public finance management at the Governing Board meeting in 2017. Since then, the initiative has gained a great deal of momentum and it has, in the past year, received global attention and buy-in. For the first time, SAIs have access to a user-friendly tool that enables us to respond to the sustainable development goals and holistically evaluate Public Finance Management (PFM) systems on country-level. In our region, six SAIs have piloted the tool and we are looking forward to seeing what the outcomes will be after the reporting stage. Beyond our region, another six Portuguese-speaking SAIs, have also piloted the tool, giving global credibility to this initiative.

I am very pleased to note that the first group of regional IT Audit Champions successfully completed the module-course in early 2019. Digital disruption is having an undeniable impact on our environment. It requires urgent and deliberate action to ensure we are prepared as SAIs to give the necessary assurances that our Governments systems are secure and effective. Since our extensive deliberations on this issue at the previous Board meeting, I'm heartened to note that we now have more regional resources trained in this

specialised field. By its very nature, digital disruption means continuous change. We are therefore challenged to keep up with continuous shifts in the digital environments we audit. I am therefore encouraged by the continued work to develop regional Audit Flow software to better enable us to integrate the audit of information systems in our normal audit operations.

Throughout this corporate plan period, there have been strong emphasis placed on developing leadership capacity. We had a satisfactory conclusion of our first Senior Leadership Development Programme and celebrated the achievements by the teams to implement their projects during the Technical Update. Our commitment to leadership development remains unwavering, but we acknowledge that these initiatives requires a serious time commitment from senior leaders in the SAI. We will therefore continue to develop the programme structure and content to ensure careful consideration is given to the impact it has on participating SAIs.

The Institutional Capacity Building Framework (ICBF) remains a cornerstone of our own development and the training provided on the ICBF by the Secretariat this year, will hopefully further strengthen our ability to harness the full potential of the tool. As we near the end of this strategic period, we can rightly celebrate the tremendous achievements that have been made. But as the environment continues to change, so must we. Indeed, being relevant is not an end-destination, but rather a continuous journey.

Lara Taylor-Pearce
Auditor-General of Sierra Leone
Chairperson of AFROSAI-E

OVERSIGHT BY THE AUDITOR-GENERAL OF SOUTH AFRICA

Oversight responsibility in terms of article 11(3) of the Statutes of AFROSAI-E

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

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

This report, which includes the audited financial statements deals with the most relevant matters affecting the affairs of the organisation. I am satisfied with the results achieved and can confirm that, based on the activities reviewed, our organisation plays a pivotal role in the capacity building of our members.

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

Yours faithfully,



Kimi Makwetu
Auditor-General of South Africa



AUDITOR - GENERAL
SOUTH AFRICA



REPORT BY THE CHIEF EXECUTIVE OFFICER

AFROSAI-E prides itself in developing and implementing cutting-edge capacity building interventions that are instrumental to the effective performance of our member SAIs. Through the immense support received from our Governing Board, donors and institutional partners, the Secretariat can rise to the challenges of delivering more with less. This also requires an increase in SAI capabilities to ensure the sustainability of regional capacity building needs.

To achieve this sustainability, the Secretariat has to respond to a number of challenges in the region creatively, some of which were raised during a comprehensive evaluation undertaken in 2018. Issues raised included amongst others, increasing and intensifying training expertise in the region; introducing customised training for SAIs depending on their maturity level and; integrated training materials that exposes staff at different levels within a SAI to various competencies. SAIs are increasingly focusing their attention on Performance Audits, which requires us to increase the number of regional leaders in this field. We also need to intensify the development of e-learning products, balanced with face-to-face training interventions.

While most SAIs do not have quality control units of their own and are dependent on triennial quality assurance reviews (QAR) conducted by the region, it is important that SAIs conduct their own annual quality reviews on audit products. We continue to partner with our member-SAIs to strengthen this capacity at SAI level.

As SAIs and the Secretariat utilise the Institutional Capacity Building Framework (ICBF) Self-Assessment outcomes for training needs identification and rely on this blueprint for strategic development processes, it is therefore fitting that the correlation of these outcomes measured against the QAR outcomes continues to increase. The majority of member-SAIs have either reached a satisfactory level of maturity or are very close to it. This enables us,

our member-SAIs, donors and partners to focus our collective energy on the type of customised, advanced support required for the SAIs and individuals to accelerate their development.

Linked to this, is the coordination of activities with our partners and donors on the bilateral agreements they have with our member countries. This initiative has proven to be a key success factor for the SAIs participating in the Accelerated Peer-Support Partnership Programme (PAP-APP), spearheaded by the IDI. This same approach can be equally beneficial if mobilised by all SAIs receiving donor/partner support to ensure targeted and coordinated learnings which considers the ability of the SAI to absorb and implement these learnings.

We continue to evaluate risks affecting the Secretariat, including our ability to demonstrate the outcomes of our training initiatives in the performance of SAIs. The quality of our training interventions and technical training materials are of paramount importance. We are therefore assessing the scope of our Technical Committee to include a review of training materials.

I am pleased to present the Integrated Annual Report for the year ending 31 December 2018.



Meisie Nkai
Chief Executive Officer



2018 STRATEGIC REVIEW AND 15TH GOVERNING BOARD MEETING

Hosted by SAI Rwanda from 6 – 9 May in Kigali

Members of the Board gathered for the 15th annual meeting from 6 – 9 May 2018 in Kigali, Rwanda. The Board meeting was preceded by two days of strategic discussions on the following two topics:

- ❑ *SAIs in the Digital Age*
- ❑ *The Public Finance Management framework reporting tool*

Plenary and panel discussions as well as breakaway sessions on these topics resulted in the identification of key challenges and opportunities for SAIs with recommendations on actions to be taken.

SAIs in the Digital Age: While acknowledging the skills shortage, members agreed that increased government digitisation is an opportunity for SAIs to develop and apply cybercrime skills in multiple environments. They also affirmed that automation will result in greater efficiency of audit work.

Members adopted resolutions to:

- ❑ Include IT Audit in SAI strategic plans and ensure the necessary resources are secured to implement.
- ❑ Create a focus group to share experiences and resources.
- ❑ Actively engage partners and expert stakeholders to strengthen IT capacity.

- ❑ Invest in research and development to further strengthen IT capacity.
- ❑ Engage the African Union to advocate for the standardisation of regional practices and legal frameworks.
- ❑ Develop affordable regional audit software.

PFM reporting framework tool: The concept of a reporting tool that will enable SAIs to question policy design, implementation and effectiveness of PFM systems, was first discussed at the 2017 Governing Board meeting. The tool that resulted from these discussions was presented to the Board along with feedback from SAIs that have already started to pilot it. Members affirmed that route-cause analysis is key to the success of PFM reporting and while the existence of other PFM indicators is undeniable, this tool is designed specifically for use by SAIs. It is also compatible for use in both the Court and Westminster SAI models.

The Board resolved that work to refine the tool should continue. They also affirmed that members should strive to participate in the planned regional workshops and continue to deliberate on how the tool can be incorporated as part of the reporting mandate of SAIs.



HIGHLIGHTS

Legal

1st Legal Practitioners Workshop

FAM & CAM

Roll-out of new methodology

Professionalisation

The African Professionalisation Initiative established

SLDP

1st Senior Leadership Development Programme concludes

PFM tool

12 SAIs globally piloted the PFM Reporting Framework tool

E-Learning

Learning Management system launched

Technical Update

Attended by over 160 participants



EVENTS, ACTIVITIES AND PARTICIPANTS REACHED

In 2018 we executed a total of

242 activities

This included **30** unplanned activities due to special requests and to address urgent needs.



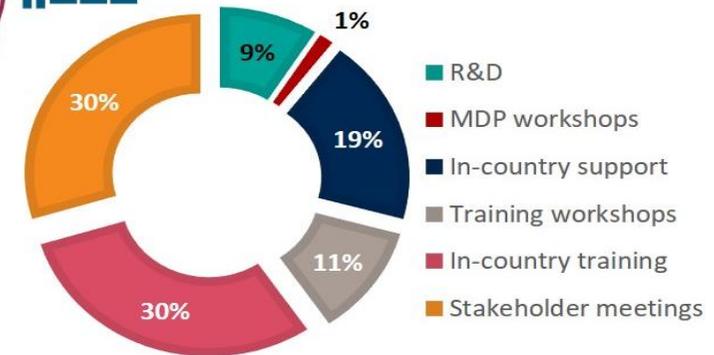
Of these activities,

222

were training and support workshops and events.

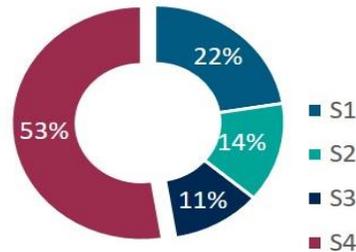


These capacity building interventions included:



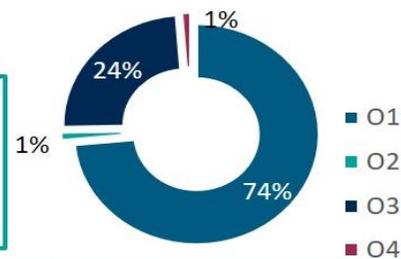
Of these activities, **116** supported our Strategic Imperatives

- S1: Professionalising Public Sector Auditing & Accounting
- S2: Being a Credible Voice for Beneficial Change
- S3: Turning Leadership from Capacity into Capability
- S4: Driving Innovation and Creativity



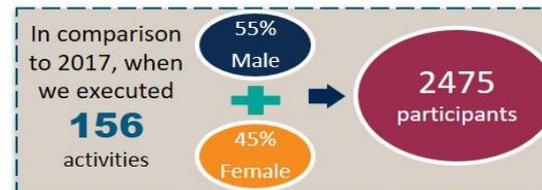
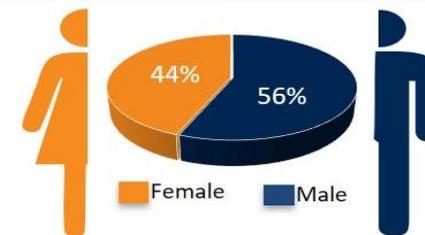
and **126** were Operational Interventions

- O1: Technical Capacity Building - Regularity Audit
- O2: Technical Capacity Building - Performance Audit
- O3: Institutional Level – SAIs
- O4: Executive Secretariat



A total of **2286** + and we enrolled **111** e-learning students on our new Learning Management System

people participated in these events



PERFORMANCE AGAINST PLANNED ACTIVITIES

80%

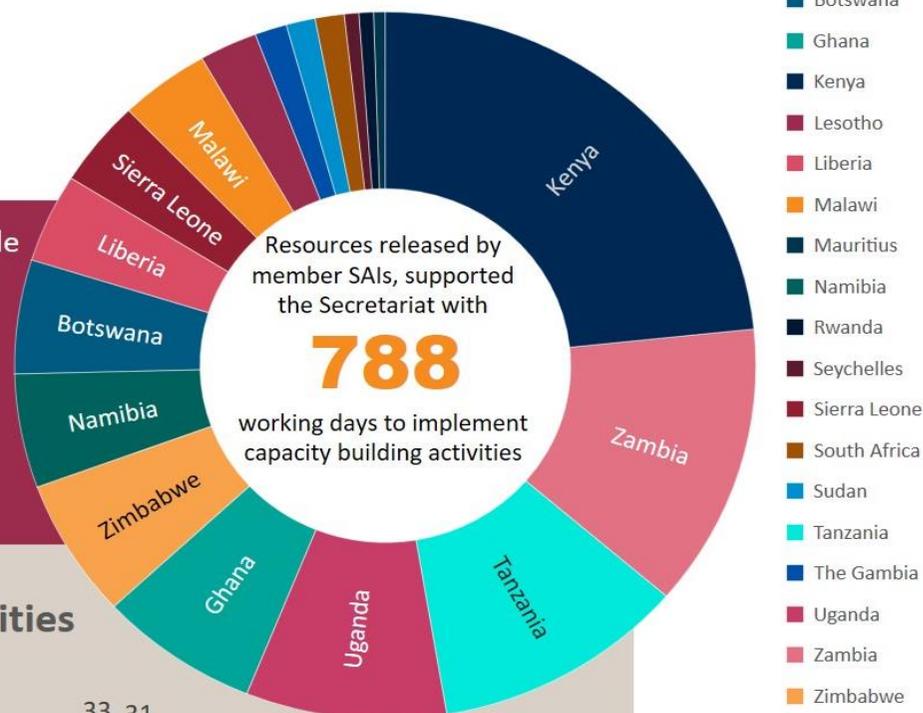
Average performance target for 2018 against planned activities

95%

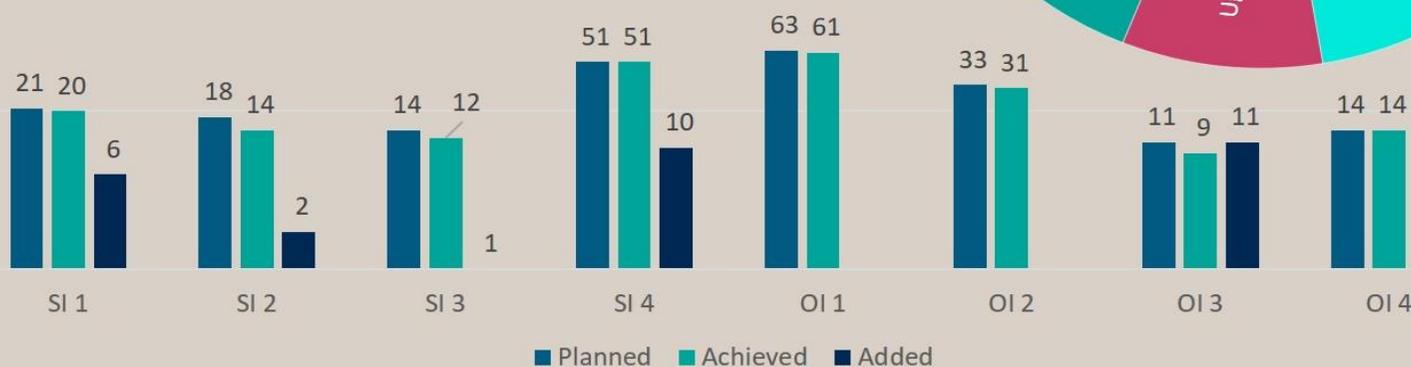
Achievement of planned activities

We exceeded our performance targets this year with the incredible support of our member SAIs, our partners and our donors. 30 Activities were added after the 2018 Work Plan had been finalised:

- Inclusion of PAP-APP activities mid-year
- Increase in the demand for in-country support
- Increase in Innovation activities e.g. PFM reporting tool



Performance achieved against planned activities



PRIZE FOR BEST PERFORMANCE AUDIT REPORT OF 2017

SAI Kenya awarded for best report of the year

The winner of the coveted annual Best Performance Audit Prize in the AFROSAI-E region was announced at the Strategic Review and Governing Board meeting. The report entitled, The Provision of Mental Healthcare Services in Kenya, was carried out by David Nyakiana, Joseph Gor and Vivienne Khatundi from the Office of the Auditor General of Kenya.

This is the second time that the Auditor General of Kenya won the Prize. According to the independent Prize jury, consisting of auditors from the SAIs of the United Kingdom, Netherlands, Norway and Sweden, the report is well written, and easy to understand. A straightforward and sensible design and the good use of external guidelines provide credible good practice against which the conditions in Kenya can be compared. In addition, the strong and relevant recommendations, requesting full implementation of the legislation and proposing improvements to the mental health care systems, clearly show the importance of the report to Parliament.

This award recognises SAI efforts to produce performance audit reports of high quality, timeliness and professionalism. The aim of the prize is to benchmark good practices in performance audits and to highlight efforts made by performance auditors.

This year's winning report is an excellent example of an audit dealing with a highly relevant topic, in the interest of the citizens.

The award, sponsored by Swedish National Audit Office (SNAO), consists of a study visit to Sweden for the audit team to exchange views and knowledge with their Swedish counterparts. AFROSAI-E congratulates Mr Ouko and the

performance audit team for this great achievement. We hope that this is an inspiration to all SAIs in the region!

Congratulations also to the SAIs from Mauritius, Rwanda, Sudan, Tanzania and Uganda for having nominated performance audit reports to the Prize. It takes courage, self-confidence to expose your reports for comparison.

Magnus Lindell, Deputy Auditor General of the Swedish National Audit Office, that sponsors the Prize, was in Kigali to hand over the award to the Auditor General of Kenya, Mr Edward Ouko. In handing over the prize, Magnus had this to say: "I dare to say that performance auditing is making a real difference to the lives of citizens in the AFROSAI-E region. Performance audits carried out independently, in accordance with professional standards and on topics of societal relevance, demonstrate the value and benefit of SAIs. By providing our parliaments with high quality performance audit reports, we support accountability and better use of public resources. Congratulations Mr Ouko on your dedicated support to performance audit. I trust that you will continue developing this area within your office's mandate, hopefully encouraged by yet another award."





13th Technical Update



13TH TECHNICAL UPDATE

The 13th AFROSAI-E Technical Update best attended annual Update we've ever hosted. Over 160 representatives from 30 SAIs and a diverse range of partners and stakeholders participated.

The Update provided an important platform for members and stakeholders to learn more about the activities and developments in the AFROSAI-E region and to discuss, debate and share experiences on a variety of topics related to SAIs demonstrating relevance.

In her official opening remarks, Meisie Nkai, AFROSAI-E CEO, implored SAIs to **take deliberate action** to grow their teams with both technical and behavioural aspects. **"I want to encourage you to make deliberate plans to implement the necessary measures for the success of our organisations and of the region."**

The key discussion topics were all related to the theme: Demonstrating Relevance.

Throughout the week, speakers from the region demonstrated that the AFROSAI-E community has matured to the point that most of what SAIs do is on auto-pilot. Our regional SAI community is ready to take charge of their own capacity development, ready to take on more, quantity-wise and in terms of more challenging responsibilities.

Held in conjunction with the Update, was the first workshop for Legal Practitioners in the region. The workshop, held in cooperation with and funded by the INTOSAI Development Initiative (IDI), was facilitated by Walter Bhengu and Thabelo Khangale from SAI South Africa.



Above: Participants from the first ever Legal Practitioners workshop in the region.



Recognising excellence in implementing technical guidance

One of the highlights of our annual Technical Update is the opportunity to recognise SAIs that demonstrate commitment to the implementation of guidance, innovation in their approaches and excellence in their work. During our gala dinner we were delighted to hand over the awards for the 2018 winners. They were:



SAI Namibia - for IT Audit

The IT Audit award was in recognition of innovation. The SAI Namibia IT Audit department, in conjunction with their internal ICT unit, developed an information system with a database to capture information about systems being used by government. This system can give rankings on which systems are riskier and helps focus their audit support for other auditors. This is definitely a first in the region and an innovation worth recognising.



SAI Kenya - for Regularity Audit

The award went to the SAI that demonstrated the most visible and efficient implementation of Regularity Audit methodologies (Financial and Compliance Audit Manuals) since they were adopted in November 2017. SAI Kenya rolled out the new methodology for all audits and invited AFROSAI-E to do an in-country train-the-trainer workshop. They completed the customisation and now have signed and approved customised FAM and CAM manuals. They also embarked on a project to upload the methodology onto their auditing software platform as part of their rollout. This enabled compatibility testing of the new working papers in an automated audit filing environment.



SAI Eritrea - for Performance Audit

The SAI signed an MOU with AFROSAI-E to establish performance audit functions. They demonstrated their commitment by operationalising all the agreed MoU milestones including: establishing and fully-fledged performance audit unit and recruiting/ assigning full-time staff; completing seven performance audits within the first year of establishment and appointing a dedicated performance audit manager. They have, consistently throughout the year, shown commitment to enhancing the skills of these auditors.



SAI Uganda - for Communication & Stakeholder Management

SAI Uganda has made great strides to live up to the ideals of ISSAI 12 by producing a simplified and summarised extracts report in 2017 on the audit matters and emerging trends that need urgent attention and action by their stakeholders. They also led by example in publishing a report on their own performance in the year 2017. We also recognised the SAI for demonstrating the value of effective internal communication having launched their first Intranet as a platform to give their staff a voice.



See page 28 for more on the winners of the first Senior Leadership Development programme awards

STRATEGIC AND OPERATIONAL ACTIVITIES



PROFESSIONALISING PUBLIC SECTOR AUDITORS AND ACCOUNTANTS

Growing professional capacity through continental partnerships

Professionalising public sector auditors and accountants in Africa is one of our strategic imperatives for the current corporate plan period.



In the past year, this initiative has evolved from a regional goal to a continental priority. Under the new banner of the **African Professionalisation Initiative (API)**, we now operate in a collaborative partnership with the East and Southern African Association of Accountants General (ESAAG) and

the Pan African Federation of Accountants (PAFA) to further drive this initiative.

The 5th meeting of the African Professionalisation Initiative's Interim Oversight Board (IOB) was held in May 2018 at the African Union Commission in Addis Ababa, Ethiopia. For the first time, the IOB was fully constituted with 15 members, as was envisaged in its terms of reference. There was representation from five Accountants General, five Auditors General and five professional accounting organisations. The meeting was observed by representatives from the International Public Sector Accounting Standards Board (IPSASB), the supreme audit institution of Senegal, the African Union Commission and the newly formed African Forum of Independent Accounting and Auditing Regulators (AFIAAR).

At the 5th and 6th IOB meetings, members deliberated and agreed that an Academic Advisory Committee should be established to:

- ❑ initiate the development of generic learning resources,
- ❑ quality assure these resources and
- ❑ advise accounting educators on the teaching of public sector content.

The IOB began deliberations on the process and criteria to identify countries where the initiative's learning resources and professionalisation methodologies can be piloted. Members also discussed a roadmap for the IOB to migrate into a permanent structure under the new African Professionalisation Initiative brand.

Discussions are currently underway to welcome CREFIAF (the sub-regional organisation for French-speaking SAIs in Africa) as the fourth regional partner in the API.



The African public sector experiences a severe shortage of professional accountants and auditors (generally referred to as “accountants”). Professional accountants that are in government have typically only been exposed to private sector theory during their initial professional development. They often lack an understanding of public sector challenges and expectations relating to their position.

Without sufficient professional accountants, African states are vulnerable to exploitation and corruption.

The African Professionalisation Initiative aims to grow the capacity of professional accountants and auditors who are equipped to support accountability, transparency and good governance in the public sector.

<https://professionalisation.africa/>



REGULARITY AUDIT

Implementing the new Financial and Compliance Audit methodology



For our member SAIs, Financial and Compliance Audit make up the vast majority of their audit mandate. As a result, this is a priority focus area for us, as is demonstrated by the volume and intensity of the capacity building interventions throughout the year.

The Financial Audit Manual (FAM) and Compliance Audit Manual (CAM) were adopted in November 2017 and included the revisions from the ISSAIs approved a year earlier. During 2018 we started with the wide-scale roll-out of these manuals, starting with sub-regional workshops to train trainers on the new methodology.

That was followed by in-country support visits, to assist member-SAIs with the customisation and implementation of the manuals and we completed eight in-country support visits.

The majority of our member-SAIs have now adopted the Financial and Compliance Audit methodology. Several SAIs have already completed pilot audits using the new methodology. Feedback from these pilots have been instrumental to continuously support and improve the guidance.

The wide-scale adoption of the new methodology has resulted in member-SAIs staying updated and adhering to the latest changes in the INTOSAI Standards for Supreme Audit Institutions (ISSAIs). Based on the feedback and experiences by SAIs in implementing the new methodology, we have noted the challenges related to:

- Carrying out combined financial and compliance audits
- Integrating IT audit issues into annual audits

These challenges, along with further enhancements of the guidance related to risk identification, assessment and application during the audit and the concept of audit of small entities, will be incorporated into sub-regional workshops in 2019.





INFORMATION SYSTEMS AUDIT

Capacitating SAIs for the digital age

The intensive focus on Information Systems Audit, also referred to as IT Audit, and the related opportunities, threats and challenges for SAIs, remains visible. In addition to being one of the key themes of the 2018 Strategic Review and Governing Board meeting, it also featured prominently in the Technical Update programme. The undeniable impact of digital disruption on the way governments do business has resulted in increasing pressure on SAIs to conduct relevant IS Audits as part of their financial, compliance and performance audits.

We responded to this challenge by significantly increasing the number and range of activities related to building IS Audit capacity. We also increased our own technical capacity by welcoming to the team, Hanne Nordrehaug, on secondment from SAI Norway.

The main outcomes from capacity building initiatives this year included:

- ❑ Improvement of IS audit working papers linkage to support financial audits after IS Audit Manual workshop and three in-country support visits.
- ❑ Increased IS Audit integration in other audits after Supervision and Review training workshop, and an IS Audit training workshop was held for regularity auditors.
- ❑ Two SAIs were supported to conduct IT audit and IT Self-Assessments. One of the assessments led to focused donor support for the IS Audit function of the SAI.

A lack of sufficient training platforms resulted in two of the collaborative audits of Integrated Financial Management Systems (IFMIS) not taking place as planned. To compensate for this, we prioritised on-site support and application controls were incorporated into the IT Champions programme.

One of the main challenges experienced is the lack of integration of IS audits with other audit functions. We are planning to increase our focus on integration with an increased number of interventions aimed at both IS and other audit functions. The next IS Audit Champions will also see an increase in focus on integration.

Advanced Audit Flow

One of the key developments was the development of an affordable regional audit software as an alternative to the more expensive audit software tools on the market. The software will be made available to interested SAIs in 2019 and work is underway to integrate the performance audit flow in the system. It is expected that the audit software will help SAIs to improve audit management efficiency and record keeping. Quality control will also be easily implemented with the system.

IT AUDIT CHAMPIONS

The IT Champions Programme is the first of its kind for the region. Module three of the programme was implemented in 2018 with 11 SAIs participating.

This module included basic training in network security and the methodology for auditing Active Directory Domain Services (AD DS). Participants were equipped with tools and skills to start with AD DS audits in their countries.

“Our objective for the Champions Programme was to provide the participants with tools and knowledge to audit critical systems in their countries. All participating SAIs have carried out audits of applications, Oracle and MS SQL databases, and are in the process of auditing AD DS, network and firewalls. We are currently planning for the second round, with the Champions from round one to be used as trainers. The final evaluation of the Programme is underway; however, we are confident to already declare it a success.” Hanne Nordrehaug (Secretariat)

“The program created a forum for IS auditors with different experiences, interest and specialisations to exchange ideas in the future. It empowered me to audit databases (SQL and oracle), application controls, network and operating systems. Use of virtual machines, case studies, presentations and discussions made the sessions practical, mimicking real audit environments.” - John King'ara (SAI Kenya)

PERFORMANCE AUDIT

Increasing impact with greater exposure and tailor-made advanced training

There is a continued escalation of interest in building performance audit capacity in the region. This has resulted in the steady increase in the range of products and support that we provide to members.

Basic training in Performance Audit

Our 3-Module Performance Audit Course continues to provide new performance auditors with the necessary foundational knowledge and skills. We concluded one 3-Module course and commenced with another in 2018. All participating SAIs have now taken ownership of implementing the basic module (module 1) internally and independently using the AFROSAI-E e-learning programme.

We've increased the number of module course facilitators from the region who we blend with our international and institutional partners. This provides a balance in the mix of shared experiences. It has not only helped to elevate the analytical capacity and insights of these regional resources but also to transfer skills to these individuals. This increases the value they can add at their own SAIs when they go back after the training interventions.

Advanced performance audit training

Advanced qualitative and quantitative data analysis training provide a deeper level of knowledge and enables auditors to have greater analytical insights when performing audits. This level of in-depth advanced analysis ensures that better conclusions can be reached. Following successful pilot workshops in 2017, we held the first full advanced training courses this year as a two-week

regional workshop in Sudan and as one-week bilateral workshops in Mozambique, Lesotho, The Gambia, Botswana, Seychelles and Liberia. An e-learning programme will be developed from the material in 2019.

Increasing performance audit exposure

Our approach to performance auditing i.e. the Template Performance Audit Manual (PAM), the Performance Audit Handbook, and the Template Performance Audit Flow, has spread not only to other audit focus areas, but also beyond the AFROSAI-E region.

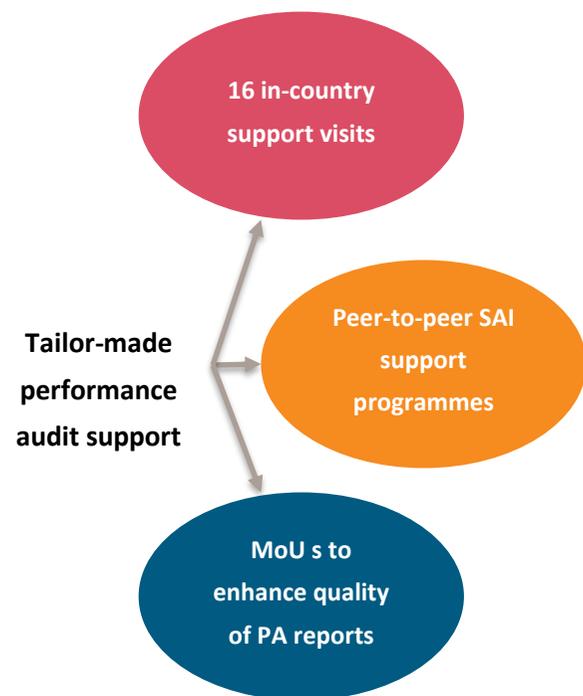
We trained regularity auditors in the SAI of Sierra Leone to uplift their analytical capacity and understanding of the performance audit approach, especially useful in compliance auditing assignments when investigating causes and development of recommendations. We also provided training for SAI South Africa performance auditors with specialisations in disciplines other than accounting and auditing.

On-job training was carried out in the area of Overall Planning, specifically related to the PAM, in The Gambia, Namibia, Liberia, eSwatini, Rwanda and Zambia. The participating SAIs have now been able to streamline both their strategic and operational planning and processes to mirror the requirements in the ISSAIs and their performance audit manual, by linking the audit processes in the manual to the PA Flow. Beyond our own region, we also conducted training in the Pacific Association of Supreme Audit Institutions (PASAI) region on our performance audit manual.



We held a Supervision and Review workshops in Ghana and Ethiopia which was attended by altogether some 50 operational managers. Topics included audit planning, the review processes and the leadership in the operational

management. The impact of the training are better reviewers, focused audits, improved relations between managers and subordinates and enhanced staff accountability and appraisal systems at SAI level.



SAI Mozambique signed a MOU with AFROSAI-E to conduct performance audit training for senior officials (Judges and Councillors). The training for Judges focused on the high-level and relevant principles, enabling them to discharge their roles efficiently. The training focused on supervision of performance audit assignments, reviewing activities, decision-making on reports (judging reports) and follow-up of sanctions from related activities.

The SAI of Tanzania provided the technical support for the training interventions.

CROSS-CUTTING INITIATIVES

Public Finance Management Reporting Framework tool

Our Public Finance Management Reporting Framework tool, developed in cooperation with the GIZ, represents a game changing paradigm shift in the role of auditors to improve public finance.



The tool was officially adopted at the 2018 Governing Board meeting as a user-friendly and standardised method to report on PFM at a country level. We anticipate that this tool will allow SAIs to better cover country commitments towards sustainable development goals and to evaluate the entire PFM system holistically. We continued with the wide-scale roll-out of the tool to SAIs in

our region that expressed an interest in applying the tool. We also translated the tool into Portuguese and introduced it to the Lusophone (Portuguese-speaking) SAIs.

In total, 12 SAIs from Africa, Europe and South America have started using the tool. Ghana, Mozambique, Kenya, Zimbabwe, Rwanda and Angola have performed pilot audits. Kenya, Zimbabwe and Mozambique are currently in the report writing stage. We envisage that they will be completed by May 2019.

Brazil, Portugal, Sao Tome, Guinea Bissau, Timor-Leste and Cape Verde are also doing pilot audits. Brazil and Portugal already have draft reports in place. The high rate of implementation is evidence of the wide international acceptance of the tool.

To further support country-level implementation, we have trained seven professionals from within our region who are able to assist SAIs with implementing the tool.

We joined the INTOSAI Working Group on Key National Indicators (WGKNI) to share our insights on PFM indicators as they relate to the PFM Reporting Framework. Other INTOSAI working groups such as Financial Audit and Accounting Subcommittee (FAAS) have shown interest in the tool by uploading it onto their website to showcase it as audit innovation. The results of the PFM tool application will be shared at several regional and global forums in 2019, including the 2019 Governing Board meeting, the United Nations High Level Political Forum and at the next International Organisation of Supreme Audit Institutions (INTOSAI) Congress (XXIII INCOSAI).

A workshop is planned for June 2019 to further support SAIs that are using the tool with standardising the report aspects. This will go a long way to help SAIs to correctly interpret and report on the results from the audits using the tool. It is also hoped that this discussion will clarify whether the report should ideally be a stand-alone publication or, if the outcomes should be reported on as part of the normal audit reports produced by the SAI.

Other challenges related to the practical implementation of the tool, that we are still working to address include:

- How best to integrate the PFM tool as part of standard audit activities and incorporating the required additional activities that are not generally covered in these audits.
- Additional training is needed to upskill auditors to do root cause analysis.



Audit of Extractive Industries

The African Continent contains an incredible wealth of natural resources. The race to extract these resources continue to escalate, making effective management and good governance of the extractive industries increasingly critical.

Our audit of Extractive Industries products within the region are based on a cross-cutting approach that considers financial, compliance and performance audit aspects. These products include:

- ❑ The AFROSAI-E Extractive Industries value chain model
- ❑ The Extractive Industries Country risk assessment framework
- ❑ The Extractive Industries Guidelines on audit considerations

Our Audit of Extractive Industries Guidelines was extensively expanded this year and now includes both oil and gas and solid minerals content, the latest information global initiatives in the sector, more Afrocentric examples to illustrate sector principles. It also includes consideration of the Sustainable

Development Goals (SDGs) and the African Agenda 2063 to enable auditors to understand and respond to audit risks along the value chain. The exposure draft of the guideline was introduced at the Technical Update and SAIs will be given the opportunity to pilot it in 2019 with the added support of an e-learning programme.

We have seen a marked increase in SAIs that have done country risk assessments and audit strategies, enabling them to be better positioned to address the extractive industries country risk assessments. More SAIs are now implementing audits in the sector, some, like SAI Botswana, for the first time.

Through our participation in the INTOSAI Working Group on Extractive Industries (WGEI), we were able to influence the alignment of the WGEI learning curriculum to our Guideline. The curriculum was formally approved in September 2018.



The Audit of Extractive Industries Workshop included a visit to a local mine to provide practical insights in a real-time environment.

Sustainable development and environmental audit focus areas

Achievement of the Sustainable Development Goals (SDGs) and African Agenda 2063 will require the concerted efforts, support and commitment from all sectors of the public and private sectors. This focus area featured prominently at the Technical Update. The focus was specifically on the role of effective PFM systems in relation to broader global and regional issues.

The aim of the SDGs and Agenda 2063 is prosperous and sustainable societies. By unpacking the Agenda Goals and understanding their interlinkages, the SAIs have gained a better understanding of the challenges and opportunities on auditing the SDGs and Agenda 2063 and are able to integrate Agenda 2030 (SDGs) and the Agenda 2063 into all audits as well as the operations of the SAI. A workshop on Sustainable Development, and the inclusion of the Agenda Goals in performance audit was held for SAI South Africa, SAI Seychelles and SAI Zimbabwe. It was also incorporated in the Performance Audit module 2 and 3 courses.

Two Development workshops were conducted which culminated in the Draft Guideline on the role and preparedness of the SAI to audit SDGs and Agenda



2063. The guideline, which will be rolled-out in 2019, will capacitate SAIs with greater understanding of their role, the competencies required and how to prepare and implement the audit.

Cooperative Audit of Marine and Environments in Africa

AFROSAI-E, with the support of the GIZ initiated a project in 2017 to capacitate SAIs of countries with coastal areas, to conduct audits to:

- ❑ Assess the state of coastal ecosystems
- ❑ Understand the significant issues and coastal zone management risks for coastal communities
- ❑ Make recommendations for improvement

The cooperative Coastal and Marine Environmental Audit was implemented in 2018 by six SAIs (Liberia, Namibia, Tanzania, Sudan, Seychelles and Mauritius). The consolidated report which highlights the common findings, impacts and recommendations will be distributed in early 2019. Two informative videos with the intent to create public awareness and attention were produced for SAI Liberia and SAI Seychelles.



SAI Liberia held a stakeholder session to raise awareness on their Coastal Audit report. They also shared the informative video, which was very well received.

Quality Control & Assurance

Tri-annual quality assurance reviews are an important feature of our capacity building approach. In addition to these reviews providing valuable information on capacity building needs of a SAI, it also provides the SAI with a means to identify and prioritise areas for improvement. The reviews also enable SAIs to validate responses on the Institutional Capacity Building Framework (ICBF) Self-Assessment questionnaire and improve the credibility of their audit reports.

We usually perform eight quality assurance reviews per year but, due to the adoption of the new Financial and Compliance Audit methodology we only performed four reviews in 2018. The normal number of reviews will resume in 2019, giving SAIs enough time to apply the new methodology and ensuring the reviewers can provide relevant recommendations.

The four reviews were conducted at the SAIs of Sudan, Mozambique, Ghana and Eritrea.



An exposure draft of the Quality Control and Assurance Guideline with the necessary amendments related to the new methodology was introduced. It is expected that the guide will be finalised for adoption in 2019.

Quality Assurance Review workshop with ARABOSAI

In terms of our MoU with the Arabic Organization of Supreme Audit Institutions (ARABOSAI) region, we hosted a delegation from the region for a Quality Assurance Workshop. The workshop was designed to capacitate the SAIs with implementing Quality Assurance Review support visits, similar to the reviews we do in our region. The workshop also covered reporting on the conclusions of quality assurance review.

We included sessions on all the audit focus areas as well as institutional areas, based on our Institutional Capacity Building Framework.

The delegation from ARABOSAI also attended the Technical Update and presented on the initiative.



LEADERSHIP DEVELOPMENT

The Senior Leadership Development Programme (SLDP)

The **SLDP** aims to improve the critical competencies, conceptual knowledge, values and behaviours that are fundamental for leaders and leadership teams to inspire, influence, motivate, recognise and guide others to achieve and sustain excellence in the SAI environment. The Programme also aims to build competence in terms of:

- ❑ Strategic Thinking
- ❑ Execution
- ❑ Relationship Building
- ❑ Influencing

The SLDP was implemented as three workshops during 2017 and 2018. Leadership teams from South Africa, Namibia, Mozambique, Tanzania, Nigeria and Kenya participated. Leaders that participated in the SLDP, benefited by:

- ❑ Strengthening their leadership effectiveness
- ❑ Improving their emotional, self and social awareness
- ❑ Strengthening their strategic thinking, execution, relationship building and influencing abilities

To facilitate experiential learning and to build the competence of “execution” the participating SAIs were given the challenge to identify and implement an initiative to improve the effectiveness and efficiencies in their SAI. During the first module SAIs defined their respective projects and compiled a project charter which they presented during the second module. The teams managed their projects according to our Strategic Project Management Framework.

During the 3rd workshop the SAI teams presented and discussed their project implementation plans.

To sustain the momentum and to build competencies of execution and implementation we decided to recognise the SAI that showed the most progress in implementing their project at the Technical Update during November 2018.

Following a review of the submitted SLDP projects by an independent panel of reviewers, the awards went to:

- 1st Prize: SAI South Africa**
- 2nd Prize: SAI Mozambique**
- 3rd Prize: SAI Nigeria**



The projects selected by the three winning teams were:

- ❑ SAI South Africa: *Factors impacting the retention of executives.*
- ❑ SAI Mozambique: *Development of a certification programme for external auditors.*
- ❑ SAI Nigeria: *Implementing an integrity control policy.*

The second round of the SLDP is set to commence in 2019.

ORGANISATIONAL DEVELOPMENT

Strengthening management capacity to strategically lead organisations

Management Development Programme (MDP)

We conducted three in-country management development workshops (MDP) in 2018. We held a follow-up workshop for SAI Rwanda and a joint MDP workshop for South Sudan and Somalia in collaboration with the IDI.

Through the programme, we were able to capacitate leaders with the critical competencies, conceptual knowledge, values and behaviours that are fundamental to inspire, influence, motivate, recognise and guide others to achieve and sustain excellence in the SAI environment. The MDP programme supported the participating SAIs to understand and apply the strategic planning process and framework to develop projects plans that are aligned to the strategic objectives of the SAI.



Senior management teams from SAI Somalia and SAI South Sudan participated in a joint MDP workshop held in collaboration with the IDI

Strengthening Organisational Culture

The organisational culture of a SAI is one of the core foundations of a motivated and productive workforce. We conducted a Culture Values Assessment, using an online tool we developed, for SAI Namibia in 2018.

The assessment capacitated the SAI to define the current culture and to define the culture that would improve the SAI performance in line with the its Organisational Strategy. Practical interventions were developed to address the areas of concern that currently negatively impact the culture.

Strategic and Operational Planning

We held a Strategic Planning workshop to capacitate SAIs with the knowledge and skills to develop and/or update their organisational strategies. The workshop included the senior management group from SAIs participating in the Accelerated Peer-Support Partnership (PAP-APP) initiative.



Human Resource Management

Integrated Competency Framework for SAIs

Our Integrated Competency Framework for SAIs was adopted in 2017 and the wide-scale roll-out began in 2018. We held a workshop, attended by 22 participants from 10 SAIs, to establish a common understanding of the framework. Following the roll-out, SAI Namibia developed their HR Strategy, SAI Rwanda started developing job profiles using the Framework, SAI Zambia used the Framework for competency-based recruitment, SAI Kenya is using it for skills assessment, and it was fully implemented in SAI Somalia.

HR Handbook and Annual Workshop

The adoption of the Framework meant an update of the HR Handbook and alignment was needed. The updated HR Handbook was reviewed by the Technical Committee in 2018 and is used at reference material at HR and MDP Workshops as well as for HR quality assurance reviews. The handbook provides guidelines for SAIs to:

- ❑ Establish an HRM function in the SAI
- ❑ Develop HR Strategies and Policies
- ❑ Professionalise the HR function
- ❑ Customise current HR practices

It also provides good practice standards for HR practices and practical examples from member-SAIs.

The theme for this year's Annual HR Workshop was "SAIs as Learning Organisations". Learning Organisations create a culture that encourages and supports continuous learning, critical thinking and innovation. Learning



Organisations have the ability to adapt faster to changes in the environment. For SAIs to remain relevant amidst the continuously changing public sector audit environment, the ability to adapt quickly has become vital.

Following the workshop, participants were able to amongst other things, do accurate self-assessments on the HR domain of the ICBF, build better relationships with Public Service Commissions and align HR initiatives to the strategic objectives of the SAI.

Support for SAI Mozambique professionalisation

We supported SAI Mozambique this year with their professionalisation efforts. The outcomes of the initiatives implemented this year were:

- ❑ Identified jurisdictional competencies for the SAI (which operates in the Court model).
- ❑ Identified knowledge, skills and behavioural competencies to develop the curriculum for the internal certification programme.
- ❑ Determined application criteria for the certification programme.
- ❑ Developed a career path for auditors.

HR Capacity Building workshop for SAI Somalia

In collaboration with the IDI, we committed to support SAI Somalia in the implementation of their strategic plan. We held a workshop to strengthen the capacity of the HR team.

We provided them with a toolkit to kickstart the process of developing HR Capacity, taking into consideration the key HR tools already identified for successful strategic plan implementation.



Communication and Stakeholder Relations

Annual Communication workshop

The annual Communication Workshop was the best-attended workshop to date with 25 participants from 14 SAIs. It is gratifying to note that more SAIs are prioritising the appointment of specialists and participation in capacity building interventions in this focus area.

The workshop aimed to empower participants with the practical skills to operationalise their stakeholder engagement strategies. Using case studies and practical sessions, participants had to apply the skills by producing actual materials. Through these activities, the participants were able to develop concrete plans to implement at SAI level.

External Communication Toolkit

To further support SAIs with additional guidance on methods to operationalise their stakeholder strategies, we developed an External Communication toolkit with support of the GIZ. It provides SAIs with guidance on engaging with the



Media, Citizens and CSO's. The toolkit was finalised and reviewed by the Technical Committee. It will be implemented as an online tool on our learning management system early in 2019.

Effective report writing

User-friendly reporting using plain language remains a big challenge for SAIs. Yet, it is required by the ISSAIs and necessary to improve stakeholder relations. To build capacity in this area we collaborated with the Swedish National Audit Office (SNAO) and the Canadian Audit and Accountability Foundation (CAAF) to develop guidance for SAIs.

We piloted the material for performance auditors in Mozambique and are planning several more interventions on this focus area in 2019. However, due to limited resources to conduct on-site training, alternative options including online learning will need to be used.



ACCELERATED PEER-SUPPORT PARTNERSHIP

Partnering to provide intensified long-term developing program

The IDI, AFROSAI-E and CREFIAF have established a partnership to support the SAIs included in the Global Call for Proposals Tier 2. Intensive support is provided to enable the SAIs to establish long-term strategic capacity development programmes. The programme is called the Accelerated Peer-Support Partnership or Partenariat Accélééré pour l'Appui des Pairs in French (PAP-APP). The name highlights the peer-support and partnership emphases of the programme. Funding is provided by the Austrian Development Agency, the Ministry of Foreign Affairs of Iceland and IDI basket funds. In-kind contribution is provided by AFROSAI-E, CREFIAF and the SAIs of Gabon, Ghana, Namibia, Norway, Senegal and Sweden.

Programme capacity has been systematically built in the areas of partnership agreement, recruitment of project managers, mobilization of peers, training and developing programme material. By the end of 2018 Cooperation agreements have been entered with eight SAIs. The agreement with SAI Sierra Leone was the last to be signed in February 2019. Gender, diversity and inclusion have been brought to the fore, in engagements with the SAIs. This is reflected in an outcome and output related to gender, diversity and inclusion being included in all PAP-APP agreements. The SAIs have committed to develop strategies and actions for addressing this in new strategic and operational plans.

There is relatively good progress in the eight projects. All the five French SAIs and the Gambia SAI have done most of the work related to a self-assessment of their performance. This will lay a good foundation for a new strategic plan. SAI Eritrea had a draft needs assessment report and strategic plan when the agreement was signed and has through PAP-APP support been able to finalize these documents. At a ceremony held on 22 January in the Eritrean capital of Asmara, the Office of the Auditor General of Eritrea officially launched its five-year Strategic Plan, 2019-2023. Over 95 government and non-governmental officials from 65 organisations, 83 OAG staff and the representative of the PAP-APP programme, Cynthia Mangaba attended the event.

SAI Zimbabwe and SAI Sierra Leone that already have strategic plans in place, will be receiving support in conducting mid-term reviews of their Strategic Plans. SAI Zimbabwe's review is underway, while Sierra Leone's review is scheduled for May 2019.

One challenge in 2018 has been to assist the SAIs to work systematically with engaging development partners in their country. This needs to be addressed in particular in 2019, in parallel with designing projects for long-term support together with the SAIs.



STAKEHOLDER ENGAGEMENTS

Fostering collaborative relations for high impact

INTOSAI participation

We ensured that the AFROSAI-E region was well-represented within the INTOSAI community. This included active participation in several working groups, committees and sub-committees, including:

- ❑ The Forum for INTOSAI Professional Pronouncements (FIPP). We were involved in the team developing the plan for the next period 2020-2025 and was appointed to lead the team responsible to pre-review all exposure drafts before next FIPP meeting.
- ❑ The Working Group on Environmental Audit (WGEA)
- ❑ The AFROSAI Working Group on Environmental Audit (WGEA)
- ❑ The Performance Audit Subcommittee (PAS)
- ❑ The Working Group on IT Audit (WGITA) and the Working Group on Big Data (WGBD).
- ❑ The Professional Standards Committee (PSC)
- ❑ The Financial Audit and Accounting Subcommittee (FAAS). We prepared the Financial Audit Practice Notes GUIDs 2540 to 2580 and reviewed Financial Audit Practice Notes GUIDs 2500 to 2530 and 2600 to 2900.
- ❑ The annual Capacity Building Committee (CBC) meeting.
- ❑ The INTOSAI Task Force on Auditor Professionalisation.

Together with SAI South Africa, we hosted the Working Group on Extractive Industries (WGEI) steering committee meeting

Other key Stakeholder events and engagements

We participated or were represented at a number of international meetings, events and conferences. This enabled us to not only influence policy makers with our perspective on public sector audit, it also ensured we were updated

and aware of all the latest trends and developments that impact our work and our members.

Some of these activities included:

- ❑ United Nations Department of Social and Economic Affairs (UNDESA) and the INTOSAI Development Initiative (IDI), meeting on “Contributions of Supreme Audit Institutions to the Sustainable Development Goals (SDGs)”.
- ❑ United Nations Representatives of Internal Audit Services (UNRIAS) Annual Conference
- ❑ The Extractive Industries Transparency Initiative (EITI) annual conference
- ❑ World Congress on Accountants.

We also involved a wide range of stakeholders, in addition to our partners, in our events and meetings, for example:

- ❑ The Endangered Wildlife Trust (EWT) was invited to present at the Governing Board meeting to provide real-time examples on the impact of cybercrime.
- ❑ Representatives from the United Nations, the European Union and the African Peer Review Mechanism shared their perspectives on public finance management at the Technical Update.
- ❑ We also heard thought-provoking presentations on values and ethics from the perspective of the Independent Regularity Board for Auditors (IRBA) and the Pan African Parliament (PAP) at the Technical Update.



The Executive Secretariat



Back row from left: Bernadene Rautenbach, Marlise Finaughty, Hanne Nordrehaug, Christina Sand, Fredrick Bobo, Bruce Vivian, Rod Francis, Edmond Shoko, Joshua Asimwe, Marianna van Niekerk, Anashree Chetty, Annerie Pretorius, Nikeziwe Khanyile. **Front row from left:** Nonhlanhla Ndaba, Melissa Reddy, Josephine Mukomba, Meisie Nkai, Wynand Wentzel, Gorden Kandoro, Prisca Mathebula, Cynthia Mangaba. **Insert:** Tryphina Mtshweni.

THE EXECUTIVE SECRETARIAT

The successful execution of our strategy and mandate depends on the collective effort of our staff. We embed a culture of professionalism, innovation and collaboration and provide a work environment where each staff member feels valued.

The number of staff increased to 22 full-time employees in 2018. We welcomed three new staff members namely Cynthia Mangaba as Programme Manager for the PAP-APP programme, Hanne Nordrehaug as IT Audit Manager on secondment from SAI Norway and Tryphina Mtshweni as office support on a direct contract.

The employment arrangements of the Secretariat personnel consist of a mixture of staff seconded from other SAIs (South Africa, Sweden, Norway, Uganda, Zambia) and staff appointed and funded directly by AFROSAI-E.

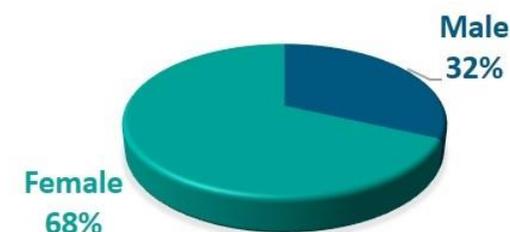
In 2018, we introduced a new policy on the Code of Ethics and all staff annually sign an ethics declaration. In line with international good practice, we also introduced a Harassment Policy

Staff	Number	Secondment / Contract Period	Comment
AGSA	8	December 2022	
Contracted directly	9	December 2022	
Uganda	1	December 2022	
Zambia	1	December 2022	
OAG Norway	1	July 2019	In discussion for extension until December 2020
SNAO	1	July 2020	Subject to new MOU
IDI	1	December 2019	Subject to PAP-APP phase 2
Total	22		

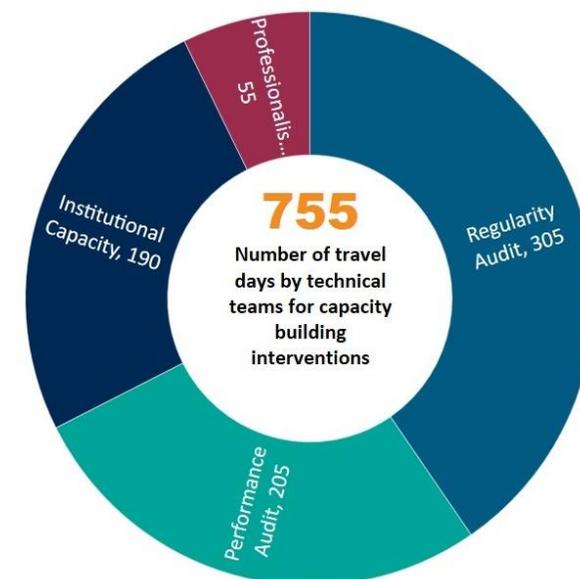
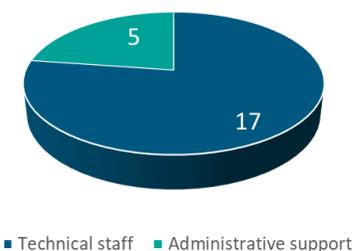
Our technical managers travel extensively throughout the year to support member SAIs with capacity building interventions. To ensure staff and regional resources are adequately covered for travel risks, we increased our travel insurance coverage. As of 2017 onwards, staff are also offered the opportunity for group retirement investments.

In support of continued professional development, we provide financial support to staff for educational assistance. We also held a presentation skills training workshop for all technical managers.

GENDER REPRESENTATION AT THE SECRETARIAT



Technical & Support staff



FINANCIAL OVERVIEW OF 2018

A comparison of the activity levels of the secretariat over the last three years has understandably led to increased expenditure for this period.

In 2016, 91 activities were conducted which increased to 156 in 2017. This was an increase of 60%, compared to 2018 with 242 activities, which is a further increase of 65%.

During the Governing Board meeting in May 2018, a budget with a funding shortfall of approximately \$100,000 was presented. The Secretariat approached a number of potential donors to assist with the funding shortfall in 2018 and a projected shortfall in 2019. The approval from the Governing Board was that if funding was not secured, planned expenditure would be reduced in order to break even for the year.

Subsequently, the Royal Norwegian Embassy in Pretoria provided additional funding for 2018. This additional funding was made available quite late in year and it was agreed with the Royal Norwegian Embassy to carry the excess funds and the additional activities that could not be undertaken over to 2019.

In addition, SIDA agreed to provide additional funding for 2019 to fund an anticipated shortfall, given that the current activity levels are expected to remain constant.

Furthermore, we assisted SAI Liberia with an EU funded capacity building project which included both travel costs as well as overhead recoveries. This resulted in a significant increase of *Other Income* for the year, with associated increased expenditure and number of activities under the Capacity Building initiative.

According to the value-added statement (*Table 1*), membership fees contributed 4% towards the total value added and AGSA, as host of the Secretariat, contributed 30% of the total.

Table 1: Summary value-added statement for 2018 and 2017

		2018 Actual		2018 Plan		2017 Actual
	%	US\$	%	US\$	%	US\$
Membership fees	4	140 086	4	140 294	6	155 097
Donor funds	58	2 058 430	59	1 704 441	58	1 636 676
- Royal Norwegian Embassy (South Africa)		737 845		337 677		186 429
- SIDA		636 042		547 686		563 123
- Swedish National Audit Office		555 384		600 827		871 411
- GIZ (German Development Cooperation)		55 099		147 309		15 713
- IDI (INTOSAI Development Initiative)		74 060		70 942		0
Support from AGSA	30	1 059 887	34	1 011 929	33	904 717
Other income	8	280 392	3	77 353	3	83 919
Total Value added	100	3 538 795	100	2 934 017	100	2 780 409
Applied as follows:						
Training and development costs	39	1 394 411	40	1 159 077	45	1 257 457
Professional fees - Secretariat	44	1 544 275	51	1 490 701	48	1 331 614
Operational expenditure	9	333 668	13	384 720	13	370 262
Retained/(outflow) in the organisation	8	266 441	(4)	(100 481)	(6)	(178 924)
Total Value added	100	3 538 795	100	2 934 017	100	2 780 409

The contribution from AGSA increased to US\$1 059 887 from US\$904 717 in 2017 as a result of an additional seconded employee.

The cost of training and technical development increased by 10,6% to US\$ 1 394 411 in 2018 from US\$1 257 457 in 2017.

Operational expenditure increased by 10,5% in 2018 to US\$ 1 877 943 from US\$1 701 876 in 2017, as noted in the AGSA increased support.

Table 2: Contributions not reflected in the annual financial statements

Organisation	2018 (\$)	2017 (\$)
Swedish National Audit office*	1 254 768	767 205
Office of the Auditor-General of Norway*	322 314	300 366
Member SAIs **	1 422 944	1 599 344
Total	3 000 026	2 666 915

* Converted using the US\$ exchange rate as at 31 December 2018

**The contribution by Member SAIs was determined by applying standard daily resource rates for member SAI resources working on behalf of AFROSAI-E. Standard travel and accommodation rates were applied to the SAI training delegates. The 2017 number was an extrapolation of information received from seven SAIs.

The net result is a surplus of US\$ 266 441, which has been factored into the 2019 Workplan.

Institutional partners, donors and member SAIs support the executive secretariat with human capacity for the fulfilment and execution of activities and initiatives in the annual work plan. These contributions are not included in the annual financial statements and amounted to US\$ 3 000 026 in 2018 (2017: US\$ 2 666 915) (Table 2).

FINANCIAL STATEMENTS *FOR THE YEAR ENDED 31 DECEMBER 2018*



GOVERNING BOARD'S RESPONSIBILITIES AND APPROVAL

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

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

The Governing Board acknowledges that they are ultimately responsible for the system of internal financial control and place considerable importance on maintaining a strong control environment. To enable the Governing Board to meet these responsibilities, it sets standards for a control environment aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the AFROSAI-E and all employees are required to maintain the highest ethical standards in ensuring our business is conducted in a manner that in all reasonable circumstances is above approach. Our focus of risk management is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risks cannot be fully eliminated, we endeavour to minimise it by ensuring the appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Governing Board is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal

financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Governing Board has reviewed the cash flow forecast for the year up to **31 December 2018** and, in the light of this review and the current financial position, they are satisfied that the AFROSAI-E has access to adequate resources to continue in operational existence for the foreseeable future. The Board is not aware of any material event which occurred after the reporting date and up to the date of this report.

In terms of Article 15(4) of the Statutes and Regulations these financial statements are signed on behalf of the Governing Board by the Head of Supreme Audit Institutions (SAIs) hosting the Secretariat and the Chief Executive Officer.

The external auditors are responsible for independently auditing and reporting on the AFROSAI-E's financial statements. The financial statements have been examined by the external auditors and their report is presented on the next page. The financial reports, which were prepared on the going concern basis, and were approved by the Governing Board on 10 May 2019 and signed on its behalf.



Meisie Nkai
Chief Executive Officer
 On behalf of the Governing Board



Kimi Makwetu
Auditor-General of South Africa
 On behalf of the Governing Board in
 his capacity as Head of the SAI
 hosting the Secretariat

AUDIT REPORT

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

OPINION

We have audited the financial statements of African Organisation of English-speaking Supreme Audit Institutions set out on pages 42 to 56, which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of African Organisation of English-speaking Supreme Audit Institutions as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Statutes and Regulations of AFROSAI-E.

BASIS FOR OPINION

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

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF THE MEMBERS FOR THE FINANCIAL STATEMENTS

The members are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Statutes and Regulations of AFROSAI-E, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

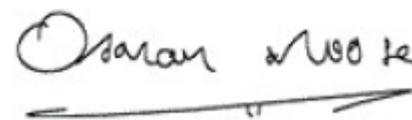
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organisation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members.
- Conclude on the appropriateness of the members' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



O.M.A Chartered Accountants Incorporated

OSMAN MOOSA

Director

Registered Auditor | 10 May 2019

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note(s)	2018 (\$)	2017 (\$)
ASSETS			
Non-Current Assets			
Property, plant and equipment	2	59 145	96 423
Current Assets			
Trade and other receivables	4	375 848	405 111
Cash and cash equivalents	5	1 475 140	671 577
		1 850 988	1 076 688
TOTAL ASSETS		1 910 133	1 173 111
RESERVES AND LIABILITIES			
Reserves			
Reserves		48 551	179 880
Retained income		921 396	696 981
		969 947	876 861
Liabilities			
Current Liabilities			
Trade and other payables	6	139 960	145 929
Deferred income	8	800 226	150 321
		940 186	296 250
TOTAL RESERVES AND LIABILITIES		1 910 133	1 173 111

STATEMENT OF COMPREHENSIVE INCOME

	Note(s)	2018 (\$)	2017 (\$)
Revenue	9	3 258 403	2 696 490
Other income		269 621	65 165
Operating expenses		(3 272 354)	(2 959 333)
Operating profit (loss)	10	255 670	(197 678)
Investment revenue		10 771	18 754
Surplus (loss) for the year		266 441	(178 924)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		266 441	(178 924)

STATEMENT OF CHANGES IN EQUITY

	Foreign currency translation reserve (\$)	Distributable reserves (insurance) (\$)	AFROSAI-E membership Fees (\$)	Total reserves (\$)	Retained income (\$)	Total reserves (\$)
Balance at 01 January 2017	(261 106)	833	359 364	99 091	922 434	1 021 525
Loss for the year					(178 924)	(178 924)
Other comprehensive income	30 477	3 783	46 529	80 789	-	80 789
Total comprehensive income for the year	30 477	3 783	46 529	80 789	(178 924)	(98 135)
Transfer between reserves	-	-	-	-	(46 529)	(46 529)
Balance at 01 January 2018	(230 629)	4 616	405 893	179 880	696 981	876 861
Profit for the year					266 441	266 441
Other comprehensive income	(175 894)	2 539	42 026	(131 329)	-	(131 329)
Total comprehensive income for the year	(175 894)	2 539	42 026	(131 329)	266 441	135 112
Transfer between reserves					(42 026)	(42 026)
BALANCE AT 31 DECEMBER 2018	(406 523)	7 155	447 919	48 551	921 396	969 947

STATEMENT OF CASH FLOWS

	Note(s)	2018 (\$)	2017 (\$)
Cash flows from operating activities			
Cash generated from (used in) operations	12	974 627	(337 301)
Interest income		10 771	18 754
Distributable reserves (insurance)		2 539	3 783
Foreign currency translation reserves		(175 894)	30 477
Net cash from operating activities		812 043	(284 287)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(8 352)	(3 837)
Exchange rate variance on disposed assets		(128)	291
Net cash from investing activities		(8 480)	(3 546)
Total cash movement for the year		803 563	(287 833)
Cash at the beginning of the year		671 577	959 410
TOTAL CASH AT END OF THE YEAR	5	1 475 140	671 577

ACCOUNTING POLICIES

1. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.1 FUNCTIONAL AND PRESENTATION CURRENCY

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

1.2 TRANSACTIONS AND BALANCES

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

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

1.3 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed.

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

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

1.4 INTANGIBLE ASSETS

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

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

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

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

Computer software 2 years

1.5 FINANCIAL INSTRUMENTS

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

A financial asset/(liability) is:

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

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

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

The entity classifies financial assets and financial liabilities as follows:

Trade and other receivables

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

Cash and cash equivalents

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

Trade and other payables

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

Derecognition of financial assets (liabilities)

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

1.6 REVENUE

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

Membership fees

Revenue from membership fees is recognised when fees become due. At the commencement of each financial year, 30% of the invoiced membership fees for that financial year, is to be transferred to a membership fee reserve and associated ring-fenced bank account. The balance may be used for operational

expenses during that financial period. In the event of a cash surplus at the end of the financial year, unused funds may be transferred to the membership fee reserve limited to the 70% of the invoiced membership fees for that financial year.

Donor funding

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

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

Donor funding with conditions attached is presented as deferred Income in the Statement of Financial Position. This will be recognised as revenue as and when the conditions are met.

Investment Income

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

1.7 TAXATION

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

NOTES TO THE FINANCIAL STATEMENTS

2. Property, plant and equipment

	2018 (\$)			2017 (\$)		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Motor vehicles	38 860	(26 184)	12 676	45 122	(23 141)	21 981
Office equipment	56 474	(23 952)	32 522	65 156	(19 112)	46 044
IT equipment	40 384	(26 437)	13 947	47 522	(19 124)	28 398
TOTAL CHANGES	135 718	(76 573)	59 145	157 800	(61 377)	96 423

Reconciliation of property, plant and equipment - 2018

	Opening balances	Additions	Disposals	Foreign Exchange movements	Depreciation	Closing balances
Motor vehicles	21 981	-	-	(2 445)	(6 860)	12 676
Office equipment	46 044	2 537	(557)	(5 509)	(9 993)	32 522
IT equipment	28 398	5 815	(760)	(2 434)	(17 072)	13 947
Total changes	96 423	8 352	(1 317)	(10 388)	(33 925)	59 145

Reconciliation of property, plant and equipment - 2017

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

NOTES TO THE FINANCIAL STATEMENTS

3. Intangible assets

	2018 (\$)			2017 (\$)		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer software	539	(539)	-	625	(625)	-

4. Trade and other receivables

	2018 (\$)	2017 (\$)
Trade receivables	238 651	297 060
Prepayments	78 357	64 445
SAI foreign receivables	43 763	43 606
Expense recoveries due from Partners	15 077	-
	375 848	405 111

NOTES TO THE FINANCIAL STATEMENTS

	2018 (\$)	2017 (\$)
Trade and other receivables past due but not impaired		
At 31 December 2018, trade and other receivables amounting to \$43 763 (2017: \$43 606) were past due date but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
SAI Angola	7 541	21 700
SAI Eritrea	3 300	-
SAI Ethiopia	-	7 700
SAI Liberia	1 858	1 123
SAI Nigeria	15 432	7 733
SAI Somalia	3 300	-
SAI South Sudan	8 800	4 400
SAI Swaziland	-	450
SAI Zambia	232	500
SAI Zimbabwe	3 300	-
	43 763	43 606

5. Cash and cash equivalents

Cash and cash equivalents consists of:

Cash on hand	996	939
Bank balances	1 474 144	670 638
	1 475 140	671 577

NOTES TO THE FINANCIAL STATEMENTS

	2018 (\$)	2017 (\$)
Basket accounts		
US Dollar Account	1 023 606	256 329
ZAR Current Account	237 624	1 126
ZAR Call Account	397	451
Membership Accounts		
US Dollar Account	210 869	158 082
ZAR Investment Account	1 626	254 628
Other Accounts		
US Dollar Account (IDI)	20	20
US Dollar Account (World Bank)	2	2
Cash on hand	996	939
	1 475 140	671 577
6. Trade and other payables		
Trade payables	32 736	55 433
Accrued leave pay	50 171	49 693
Accrual for straight lining of rental payment	57 053	40 803
	139 960	145 929

NOTES TO THE FINANCIAL STATEMENTS

	2018 (\$)	2017 (\$)
7. Retained income		
An amount of \$42 026 (30%) of membership fees has been retained as per decision taken on 11 October 2004 by the Governing Board, and as disclosed in the Statement of Changes in Equity. The amount of \$98 060 (70%) has been transferred to the basket account to fund operations.		
8. Deferred income		
AGSA – overheads contributions received in advance	90 742	128 589
SIDA – 2019 support received in advance	601 558	-
Membership fees prepaid	69 232	18 987
Long-term experts advances	38 694	2 745
	800 226	150 321
Breakdown of prepaid membership fees as follows:		
SAI Gambia	3 300	-
SAI Lesotho	699	-
SAI Mauritius	7 700	-
SAI Sierra Leone	3 300	-
SAI South Africa	8 800	-
SAI Sudan	32 478	5 129
SAI Tanzania	7 657	7 766
SAI Uganda	5 298	6 092
	69 232	18 987

NOTES TO THE FINANCIAL STATEMENTS

	2018 (\$)	2017 (\$)
9. Revenue		
Donor contributions	3 118 317	2 541 393
Membership fees	140 086	155 097
	3 258 403	2 696 490
Donor contributions is made up as follows:		
• Royal Norwegian Embassy (RNE)	737 845	186 429
• Swedish National Audit Office (SNAO)	555 384	871 411
• Swedish International Development Cooperation Agency (SIDA)	636 042	563 123
• German Development Cooperation (GIZ)	55 099	15 713
Support from INTOSAI Development Initiative (IDI)	74 060	-
Support from the Auditor General of South Africa (AGSA)	1 059 887	904 717
	3 118 317	2 541 393

NOTES TO THE FINANCIAL STATEMENTS

	2018 (\$)	2017 (\$)
10. Operating profit (loss)		
Operating profit (loss) for the year is stated after accounting for the following:		
Premises:		
• Operating lease charges	180 970	165 526
• Straightlining of rental payment	24 034	38 324
Loss on disposal of property, plant and equipment	1 445	4 505
(Profit) loss on exchange differences	(23 995)	221
Depreciation on property, plant and equipment	33 925	33 195
11. Auditor's remuneration		
Fees	10 467	8 439
12. Cash (used in) generated from operations		
Profit (loss) before taxation	266 441	(178 924)
Adjustments for:		
Depreciation and amortisation	33 925	33 195
Loss on disposal of assets	1 445	4 505
Interest received	(10 771)	(18 754)
Foreign exchange movements - PPE	10 388	(10 830)
Changes in working capital:		
Trade and other receivables	29 263	(301 826)
Trade and other payables	(5 969)	49 947
Deferred income	649 905	85 386
	974 627	(337 301)

NOTES TO THE FINANCIAL STATEMENTS

	2018 (\$)	2017 (\$)
13. Commitments		
Operating leases – as lessee (expense)		
Minimum lease payments due (straightlined expense)		
• within one year	186 912	217 033
• In second to fifth year (inclusive)	560 737	868 134
	747 649	1 085 167

Operating lease payments represent rentals payable by the organisation for its office properties. The term of the lease was agreed to be for six years until 31 December 2022. A period of 4 years remains in the lease. No contingent rent is payable.

DETAILED INCOME STATEMENT

	Notes	2018 (\$)	2017 (\$)
Revenue			
Donor contributions			
• RNE - Royal Norwegian Embassy in South Africa		737 845	186 429
• SIDA – Swedish International Development Cooperation Agency		636 042	563 123
• SNAO - Swedish National Audit Office		555 384	871 411
• GIZ - German Development Cooperation		55 099	15 713
Support from Auditor General South Africa (AGSA)		1 059 887	904 717
Support from INTOSAI Development Initiative (IDI)		74 060	-
Membership fees		140 086	155 097
	9	3 258 403	2 696 490
Other income			
Interest received		10 771	18 754
Profit on exchange differences		23 995	-
Sundry income		245 626	65 165
		280 392	83 919

DETAILED INCOME STATEMENT

	Notes	2018 (\$)	2017 (\$)
Operating expenses			
Auditors' remuneration	11	(10 467)	(8 439)
Depreciation, amortisation and impairments		(33 925)	(33 195)
Lease rentals on operating lease (Straightlined)		(205 004)	(203 851)
Operating expenses – secretariat		(65 042)	(99 756)
Professional fees – secretariat		(1 544 275)	(1 331 614)
Minor assets write-off		(3 908)	(9 568)
Printing & Stationery		(10 332)	(10 727)
SARS interest and penalties		(3 545)	-
Loss on disposal of assets		(1 445)	(4 505)
Loss on exchange differences		-	(221)
Project expenses		(1 394 411)	(1 257 457)
		(3 272 354)	(2 959 333)
Total profit (loss) for the year		266 441	(178 924)

GRI INDEX

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

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CONTACT THE EXECUTIVE SECRETARIAT

Physical address

**3rd Floor, Pegasus 2 building, Menlyn Maine
C/O January Masilela Av and Amarand Av
Waterkloof Glen Ext 2, 0181**

Postal address

**Suite 20 M
Private Bag X2
Woodhill
0076**

Telephone

+27 (0)10 286 0104

E-mail

info@afrosai-e.org.za

Website

www.afrosai-e.org.za