



2019

AFROSAI-E
INTEGRATED ANNUAL REPORT



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1. ABOUT THIS INTEGRATED REPORT

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 2019 to 31 December 2019 of AFROSAI-E (the Executive Secretariat), which 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 SAs fall outside the boundary of this report. We report on member activities in a separate publication called the 2019 *State of the Region: Institutional Capacity Building Framework Self-Assessment Report (ICBF)*.

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

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

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

2. ABOUT AFROSAI-E

In developing our strategy for the period 2020 to 2024, we reviewed our mission statement and values and amended them to be more inclusive and reflective of the journey for the next strategic period.

OUR VISION

To make a difference in the performance of SAIs

OUR MISSION

We commit to support and cooperate with our member SAIs to enhance their institutional capacity to successfully fulfill their audit mandates, thereby making a difference to the lives of citizens

OUR VALUES

Professional
Innovative
Collaborative

What our values mean to us:



Professional

- we lead by example
- we uphold high standards of ethics and quality
- we take ownership & accountability



Innovative

- we constantly strive to redefine the standard of excellence
- we are responsive to change, adaptable and agile
- we have a constant desire for renewal & improvement



Collaborative

- we listen and are open to the ideas of others
- we work together to achieve common goals
- we find mutually beneficial solutions



OUR MEMBERS

AFROSAI-E consists of 26 member-SAIs and two associate members. Our Governing Board, which is the supreme authority, consists of the Heads of the 26 SAIs. Our Executive Secretariat is responsible for implementing the Governing Board's decisions.

Our Associate Members:

- The African Union Commission
- Pan African Federation of Accounting (PAFA)

There were no changes in the membership or associate membership during the year.

Our Governance Arrangements

The Governance arrangements as set out in the Statutes remained in place during the year. According to the Statutes the Governing Board met to:

- Approve the five-year strategic plan, annual work plan and budget, annual report and audited financial statements as well as the state of the region report. These documents were shared with donors and development partners.
- Take policy decisions and provides strategic direction, reviewing progress and establishing guidelines necessary to attain the objectives of the organisation.
- Fosters communication and close cooperation amongst its members and stakeholders within the framework of INTOSAI.

The Governing Board's four Sub-committees oversaw the following activities of the organisation on its behalf: Capacity Building, Human Resources, Finance and Audit. Each board member serves on one of these Sub-committees and the full Board considers the outcomes and recommendations stemming from their deliberations for endorsement. The Auditor-General of South Africa continued hosting the secretariat in accordance with Article 11(3) of the statutes and the Memorandum of Understanding which is valid until December 2022. The Chief Executive Officer, appointed by the Governing Board, led the Secretariat.

** See chapter 9 for the outcomes of the 2019 Strategic Review and 16th Governing Board meeting*

3. OUR INSTITUTIONAL PARTNERS AND DONORS

Long-standing collaborative and financial partnerships have been a cornerstone of our success. The highly collaborative relationships with our institutional partners and donor support enable us to set ever-more ambitious goals to strengthen capacity building efforts in the region.

“ *Alone we can do so little.
Together we can do so much.* ”
– Helen Keller

The Auditor General of South Africa hosts the Executive Secretariat and in addition to fulfilling an oversight role over our operations, they also funded 27% of our 2019 budget. We are immensely grateful for this contribution and the continued steadfast support from the AGSA leadership to AFROSAI-E.

Our institutional partners, the Swedish International Development Agency (Sida), the Royal Norwegian Embassy (RNE) and the Swedish National Audit Office (Riksrevisionen) played an instrumental role to enable us to successfully implement our 2015 to 2019 Strategic Plan. Jointly they contributed 53% to our 2019 budget. Their generous contributions and continued support to AFROSAI-E, are tremendously appreciated.

We are also most fortunate to have support from partners that provide project funding and technical collaboration capacity to the Executive Secretariat. The INTOSAI Development Initiative (IDI), the Office of the Auditor General of Norway (Riksrevisjonen) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), contributed 15% to our 2019 budget for project-specific funding. We also benefited tremendously from technical cooperation with the Netherlands Court of Audit (Algemene Rekenkamer) and the Canadian Audit and Accountability Foundation (CAAF). With the support of our institutional and other partners, we have been able to develop world-class guidance materials and implement training that bring in global ideas.



4. CHAIRPERSONS REVIEW



This is the last annual report of the strategic plan period we started in 2015. As such, I would like to reflect more broadly on the outcomes we've achieved as a region in the last five years.

We had identified the Professionalisation of public sector auditing and accounting as a matter of strategic importance for this period. The initiative, which started off with a strategy document more than six years ago, culminated in the establishment of the multi-partner African Professionalisation Initiative (API). Through this internationally recognised body, a regional framework on public sector professionalisation, which is aligned with international practices, has now been firmly established. Having achieved the ambitious targets we had set for the last five years, I am looking forward to seeing how this initiative will continue to grow and benefit the sector in the years to come.

Across the region, SAIs have made great strides to lead by example as model institutions. There has been a significant increase in initiatives to engage stakeholders on audit outcomes. Through citizen engagements, simplified reports and innovative audits that provide holistic country-level evaluations, we have heightened our visibility and relevance in the region.

This has been an incredibly significant period for the development of audit methodology. We swiftly adapted to the changes in the international audit standards adopted at the 2016 INCOSAI by introducing the Financial and

Compliance Audit Manuals to replace the Regularity Audit Manual. It is noteworthy that as a region we made this transition within such a short amount of time and I want to acknowledge the massive amount of work that has gone into the roll-out, implementation and refinement of this new methodology. Although there is still much to do, to firmly entrench this methodology in our operations, I am confident that we will continue to lead by example in this.

Without a doubt, the ever-increasing need to integrate information system audit into our standard audits, will continue to challenge us. With the second IS Audit Champions programme already well underway and the creation of the Working Group on Information Systems Audit and Management we have made excellent strides to build capacity in this area. However, this fast-moving field will require even greater effort going forward to strengthen the necessary specialist skills, acquire the relevant infrastructure and find innovative solutions to tackle the big data challenge.

The Institutional Capacity Building Framework has provided us with a steadfast measurement tool to assess our regional progress. I am pleased that the training on the framework for most of our members has had the intended results of a drop in self-assessment scores. This is an indicator that the training was effective in improving the understanding of the tool, thereby increasing the accuracy and reliability of the self-assessment scoring. The ICBF will play an even more important role for the next five years as the tool that will aid us to measure our achievement of the new strategic plan.

This annual report was prepared during an unprecedented global crisis. The impact of the Covid-19 pandemic on our countries, continent and the world will have far-reaching social and economic repercussions. In the coming months we will face serious challenges to continue our work and ensure those charged with governance, especially during this crisis, execute their mandates with transparency and accountability.

Now more than ever, this unfolding situation will challenge us to be resilient and adaptable as we continue our work to make a difference in the lives of our citizens.

A handwritten signature in blue ink, appearing to read 'Lara Taylor-Pearce'.

Lara Taylor-Pearce

Auditor-General of Sierra Leone
Chairperson of AFROSAI-E

5. 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.

My office exercised this oversight responsibility 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



A U D I T O R - G E N E R A L

6. REPORT BY THE CHIEF EXECUTIVE OFFICER



As we wrap up these last 12 months of our 5-year corporate plan, I am pleased to note the growth in capacity of our member-SAIs and in what we've achieved as an Executive Secretariat in this period.

Operating Environment

Our Executive Secretariat staff compliment increased as necessitated by the growing capacity development needs of our members, the shifting environment within which they operate and the growing desire by SAIs to comply with the ISSAIs. To effectively respond to the SAI needs, we increased the capacity building focus areas to include amongst others the UN Sustainability Development Goals (SDGs), African Agenda 2063 and greater emphasis on human resource management, which resulted in an increase from 95 events in 2015 to 254 in 2019.

We've established a culture, which we are continuously strengthening, of matching SAI needs to the capacity building opportunities. It is our belief, that through this approach, we will create substantial growth and development in the region. To this end, this report includes stories from some of our member SAIs, who have achieved impact during this corporate plan period, by their ongoing efforts to implement the learnings from our interventions.

The new Strategic Plan for the period 2020 to 2024 builds on the outcomes of the last five years. Our main emphasis for the next five years is to apply our theory of change, which encourages SAI ownership in implementing lessons learned from training interventions and in-country support interventions. Our approach underscores the importance of integrating functional areas and taking interdependencies into account to strengthen SAI capacity holistically.

HIGHLIGHTS

We implemented a total of **254 events**



These **events** reached a total of **3201** participants



59% male participants

41% female participants



95% of workplan objectives **achieved**

To broaden our capacity building reach, we invested in distance learning technology and increasing the instructional design skills of our staff. We are committed to using our AFROSAI-E Learning Platform to offer high quality e-learning programmes and to implement a blended learning approach by supplementing face-to-face training with online materials. The global Covid-19 pandemic has resulted in severe restrictions on travel and face-to-face training. We are however using this time to strengthen our online learning library of materials and believe this will have long-term benefits for the region as it will allow for alternative training methods when travel is not possible.

Financial Results

The Executive Secretariat remains donor dependent due to the nature of our operations. The financial and technical support we receive from our donors and partners enable us to undertake developmental work and produce material which we share widely within our region and with the global SAI community.

As we continuously evaluate our sustainability, we recognise that the capacity building needs of our members is the core of our existence. This view was confirmed during a mid-term evaluation that was conducted by one of our donors. To ensure a sustained healthy financial outlook, expanding on our existing donor base, is a key deliverable for the next strategic period.

Transformation

As part of our commitment to transformation and the fulfilment of the global Sustainability Development Goals, a key focus area is achieving and encouraging gender equity. We have achieved a satisfactory level of gender balance in the Executive Secretariat with 65% female employees. Over the past five years we've maintained a gender balance of between 40% and 45% female participation in our regional activities. We continuously encourage equitable gender participation when inviting participation in training workshops and we annually report on these participation statistics.

Governance

AFROSAI-E acknowledges the support received from the Governing Board members through their continuous strategic engagements in directing the response of the Executive Secretariat to member needs. Our member-SAls continue to support our initiatives and interventions

through short- and long-term secondment of resources, which we greatly appreciate.

Looking Ahead

Our audit and institutional capacity building portfolios are strategically well-positioned to ensure that we continue to deliver quality interventions on our focus areas. These will include amongst others, the following:

- Quality is the cornerstone of any product of a SAI and the Executive Secretariat. One of our key deliverables will be to increase the capability of quality control units in member-SAls and improve the quality assurance processes.
- SAI capacity development programmes that responds to specific needs, by prioritising and pacing interventions in a manner that will allow appropriate absorption of learnings and implementation at the highest standard. Sustaining the quality of products and stakeholder interactions are key to this deliverable.
- Create a sustainable pool of trainers at regional level by increasing the number of SAI staff trained as trainers both at regional and SAI level. Continuous development of Executive Secretariat staff is also important for the achievement of the new strategic plan and to achieve greater impact in the region.
- Improve correlation between the independent quality assurance review (QAR) results and the ICBF by improving the use of the Framework in the region for enhanced needs assessments.
- Expansion of technical guidance and training materials, both for face-to-face interventions and for online learning.

The results we have achieved over the past year reflect the commitment of the Executive Secretariat staff and our member-SAls to continuously improve performance. My gratitude goes to our staff, member-SAls, partners and donors for your ongoing commitment to the ideals of AFROSAI-E and your investment throughout this five-year period in our ongoing success.



Meisie Nkai

Chief Executive Officer

7. REGIONAL CAPACITY BUILDING

A fundamental value of regional capacity building is the opportunity to harness the knowledge and skills of the many for the benefit of all. Our capacity building approach aims to support members holistically on regional, sub-regional, and individual level.

This approach is echoed in our new Strategic Plan for the period 2020 to 2024. The ultimate achievement of the goals we've identified, is dependent on successfully matching SAI needs with the secretariat-driven capacity development opportunities / interventions and SAIs taking ownership to implement these learnings at SAI-level.

Institutional Capacity Building Framework

Our flagship regional initiatives include the use of the Institutional Capacity Building Framework (ICBF) as a regional self-assessment tool. Through these annual self-assessments by SAIs, supported by triennial quality assurance reviews to corroborate the results, we can report to our Board, who committed to the use of the ICBF, on the state of our region.

The ICBF enables SAIs to reflect on their own development measured against five institutional development areas.

- Independence and Legal Framework
- Organisation and Management
- Human Resources
- Audit Standards and Methodology
- Communication and Stakeholder Management

SAIs score themselves across five development levels from Level 1: Founding Level to Level 5: The Optimised Level. Our long-term goal remains to ensure that all our member-SAIs reach and maintain at least a Level 3: The Established Level, across all five development areas. *Refer to the 2019 State of the Region: ICBF Self-Assessment Report for the regional outcomes.*

The SAI Performance Measurement Framework (PMF) is a framework that enables SAIs to voluntarily assess their performance against the International Standards for

Supreme Audit Institutions (ISSAIs) and other established international good practices for external public auditing. INTOSAI members endorsed the SAI PMF as an official tool at the 2016 INCOSAI. To ensure that our members can use the ICBF self-assessment and the SAI PMF assessment as complimentary tools, we've aligned the scoring criteria (not necessarily the scoring methodology) to a great extent.

To enable our member-SAIs to better understand the ICBF and complete the self-assessment with greater accuracy, we held annual training workshops since 2018. We targeted senior officials in the SAIs who are responsible for coordinating the completion of the questionnaire and 19 of the 26 SAIs attended over the two years. On average, the scores of those SAIs that attended the training decreased as they gained a better understanding of the ICBF and the questionnaire. As such, the baseline for 2020 is likely going to be more accurate when compared with previous results.

Quality Assurance

High quality processes, practices and products are essential for SAIs to effectively fulfil their constitutional mandates. We approach quality from several perspectives to support the region.

- Triennial Quality Assurance Reviews to member SAIs
- Strengthening internal quality control functions within SAIs
- Quality Assurance Certification programme to increase the pool of qualified reviewers
- In-country supervision and review workshops designed based on quality assurance review findings
- Quality Assurance Handbook which is aligned to the ISSAIs

We conducted nine quality assurance reviews in 2019. These reviews mostly involved multi-disciplinary teams that included financial and compliance audit, performance

“ *Quality is never an accident; it is always the result of high intention, sincere effort, intelligent direction and skillful execution; it represents the wise choice of many alternatives - William A. Foster* ”

audit, information systems audit and institutional reviewers. The QA reviews enable us to determine a correlation between the ICBF Self-Assessment results and the independent review scoring.

After these reviews, we presented the SAIs with reports, which they used to develop action plans to address the findings. The main cross-cutting findings that we found the majority of SAIs are struggling with are:

- Inadequate internal quality assurance function
- Inadequate supervision and review
- Methodologies partially implemented
- Inadequate documentation
- Inadequate integration of Information Systems Audit into Financial and Compliance Audits

- Lack of SAI independence
- Lack of SAI annual reports on own performance
- Lack of implementation of performance management system

We signed Memorandums of Understanding with eight SAIs to design country specific interventions based on these reports.

Through the Quality Assurance Certification Programme, our goal is to strengthen both the internal quality assurance function in SAIs and to strengthen the pool of reviewers in the region. As a result of this programme, which we've implemented since 2017, we were able to deploy 24 regional resources and a resource from the Swedish NAO to conduct reviews this year.

We made progress to update our Quality Assurance Handbook to also include guidance on Information Systems (IS) Audit quality assurance assessments. With new IFAC Quality Control standards that came into effect late in 2019, we will finalise the revisions for consideration by the Technical Committee in 2020, after which it will be issued as an exposure draft to members.



35 participants
trained as Quality Assurance Reviewers



9 QA Reviews: Sierra Leone, Angola, Ethiopia, Uganda, Kenya, Namibia, Nigeria, Liberia & Seychelles

Prize for the Best Performance Audit Report of 2019

We have seen the continuous growth and development in the capacity of our SAIs to conduct performance audits. This has enabled us to expand on the training provided to include more advanced data analysis techniques. Since 2008 the Swedish NAO have awarded a prize to the SAI with the best performance audit report of the year. This prestigious award aims to promote timely, high-quality performance audit reports, share experiences and acknowledge the efforts of performance auditors in the region. Since 2018, we increased the emphasis on the timeliness of audits and the qualifying criteria was added that reports nominated for the award should ideally not exceed a 12-month production time.

At the 2019 Governing Board meeting held in Maputo, the report entitled, “Moving towards sustainable artisanal fishery”, produced by SAI Mauritius was announced as the winner of the prize. This was the first win for SAI Mauritius.

Ms Helena Lindberg, the Auditor General of the Swedish NAO was in Maputo to announce the award.



“ *Performance auditing is an excellent way for a SAI to demonstrate its value and benefit to the citizens. By providing our parliaments with high quality performance audit reports, carried out independently and in accordance with professional standards, we support accountability and better use of public resources in our countries.* ” – Ms Helena Lindberg ”

We also commend the SAIs from Botswana, Namibia, Tanzania, The Gambia, Uganda and Zimbabwe for submitting reports for the prize. A total of 11 reports were in the running for the Prize. It is particularly encouraging that there were two new contestants (The Gambia and Zimbabwe) that submitted good quality reports during this round.

14th Technical Update Conference

Diversity is a fundamental part of our region. Each of our 26 member-SAIs, not to mention our partners and variety of stakeholders have unique experiences and knowledge of implementation challenges and successes. In our continuous strive to lead by example as model institutions, it is essential that we have platforms to share these experiences so that we can learn from each other and together, come up with new and innovative methods to improve.

For the 14th year, our annual Technical Update has proven to be such a platform. Initially the focus was primarily to update SAIs on new technical developments, but it has over time evolved into a conference that is more inclusive of the holistic range of topics and institutional focus areas that affect SAIs.

“ An exceptional learning experience. Keep it up. ”

The ever-growing number of delegates that participate annually is evidence of the enthusiasm for this conference. This year, close to 180 participants gathered and, in addition to our member- SAIs, representatives from Brazil, Fiji, Portugal, Cape Verde, Guinea Bissau, Norway, Sweden and the Netherlands were also in attendance along with key stakeholders from the region.

For the first time, the Technical Update also included exhibitions from SAIs, partners and stakeholders. This enabled fruitful networking sessions during the breaks with opportunity for delegates to gather more information on fields of interest and to sign up for new initiatives.

The four-day conference included interactive discussion sessions, voting polls, panel discussions and audio-visual presentations on topics related to SAIs leading by example as model institutions.

We gained important perspectives from our presenters, who included Mrs Geraldine Fraser-Moleketi, a member of the UN Committee of Experts on Public Administration. She spoke eloquently on the topic of **good financial governance and the importance of leaving no one behind as we work to achieve Goal 16 of the SDGs “Peace, Justice and Strong Institutions”**.

“ My confidence in doing my job has increased as a result of the experience of this programme. ”

We also had an insightful presentation by Dr Sebastiao Helvecio from the Minas Gerais Audit Court in Brazil on the Index of Municipal Management Effectiveness (IEGM).

The theme of leading by example came across strongly in the presentations by SAIs and stakeholders who shared outcomes on their projects, activities and new innovations. Some of the key presentations included:

- SAI Mauritius presented on their award-winning performance audit report (2018 Best Performance Audit Report).
- SAI Ghana shared their experience in implementing ‘Citizen’s Eye’, an application that enables citizens to submit issues of public concern to the SAI.

- SAI Sierra Leone highlighted their Graphic Audit Report and specifically the process they follow to identify key issues and communicate them effectively to their stakeholders in an easy to understand graphic format.
- Aidspan presented on the multi-partner collaborative project they are leading to support SAIs to audit Global Fund grants in sub-Saharan Africa.
- The Netherlands Court of Audit presented on the regional project in partnership with the SAIs of Tanzania, Mozambique, Kenya and AFROSAI-E on performance auditing in the oil and gas industry.

One of the key elements of the annual Technical Update, is for the Executive Secretariat to introduce new technical guidance materials. The team introduced the final Audit Considerations for Extractive Industries Guideline, and the Exposure Draft of the new Guideline on Sustainable SAIs – Leading by example and contributing to the SDGs and Agenda 2063. We also welcomed a critical presentation by Ms Hayley Barker Hoogwerf from the South African Institute of Chartered Accountants (SAICA) on changes on the IAASB Quality Management standards.

A main highlight of the conference was the announcement of the annual Technical Update Awards. These awards give us the opportunity to recognise SAIs that demonstrate commitment to the implementation of guidance, innovation in their approaches and excellence in their work. The winners were:

SAI Somalia: Implementation of the ISSAIs

We recognised this SAI for:

- Implementing and adopting the ISSAI's in 2018
- Translating the Financial Audit Manual from English into own country language.
- Customising the Financial Audit Manual and working papers.
- Producing the first ever audit report in the country using the Financial Audit Manual (FAM) and Compliance Audit Manual (CAM) methodology and tabling it at parliament.
- Publishing the audit report on their website.
- The commitment and willingness demonstrated by the AG and his staff members.



SAI Ghana: Producing the best HR Strategy

A panel consisting of representatives from the GIZ, OAG Norway and the IDI assisted us to assess the HR Strategies from 13 SAIs. We recognised SAI Ghana with the prize based on their excellent achievement against the following criteria:

- Alignment to the AFROSAI-E's HR Strategy Development Framework
- HR Strategy alignment to the SAI Strategy
- HR Operational Plan and KPIs
- Internal and External Assessments
- Monitoring and evaluation of strategy
- Look and feel and design of strategy
- Innovation demonstrated

SAI Sierra Leone: Excellence in Communication & Stakeholder Relations

We recognised this SAI for:

- Leading by example in engaging stakeholders.
- Demonstrating innovation in their outreach and engagement through amongst others, intensive school awareness programmes. Through this initiative, the SAI was able to reach citizens even in remote areas.
- Actively engaging the media with training workshops.
- Holding a training workshop for over a 100 Civil Society Organisations resulting in an invitation to discuss the SAI audit report on national television and radio.
- For producing an innovative and highly effective graphic audit report to get their message across to stakeholders in an easily accessible format.



PFM REPORTING FRAMEWORK TOOL A GAME CHANGER FOR SAIs



SUCCESS STORIES 1

At the 2016 INTOSAI Congress (INCOSAI) in Abu Dhabi, SAIs from across the globe committed to make a meaningful contribution to the Sustainable Development Goals (SDGs). Sound public financial management (PFM), as a catalyst for government performance, is crucial for achieving the SDGs. For SAIs to be relevant in this arena, it meant taking a new look at the way SAIs audit and report on public financial management.

Taking up this call to action, the AFROSAI-E 2017 Governing Board meeting included extensive discussions on the role of SAIs to track and monitor good financial governance on country level, using different risk identification tools.

With a mandate by the Board to continue with this development work, the AFROSAI-E Secretariat and the German development cooperation agency (GIZ) joined forces to develop a tool to report holistically on public finance management risks. The PFM reporting framework is an Excel-based tool which allows auditors to assess the performance of public finance management processes along the whole budget cycle. The tool was inspired by existing assessment frameworks like Public Expenditure and Financial Accountability, while catering for the specific work of SAIs.

The SAIs of Kenya, Ghana and Mozambique initially piloted the tool with the support of AFROSAI-E resources. The pilot enabled the team to identify the strengths and weaknesses of the tool and to adapt the tool accordingly. To date, 15 SAIs have implemented the tool, with SAI Zimbabwe being one of them.

PFM Reporting Framework tool helps SAI Zimbabwe to demonstrates ongoing relevance

The SAI shared why they chose to adopt the tool:

Direct benefits of using this tool have already become apparent. Specifically, the deepened understanding of root cause analysis and how to apply it. Staff can identify root causes linked directly to more than one audit finding and give practical and relevant recommendations. Using the tool has enhanced the critical thinking skills of staff, who have noted how root cause analysis enhances the ability to step outside of one's own judgments and bias. Staff are now also applying this type of critical thinking to all other audits as well.

The auditors have also gained invaluable knowledge, such as the importance of effective Budget Preparation and Approval processes in a country's PFM system and the importance of linking SDGs, National Development Policies and the entities' strategic plan.

Other significant benefits of using the PFM reporting tool included:

- They identified that the 2018/19 budget preparation phase of the PFM cycle, is one of the highest risk areas.
- It has improved the SAI's ability to draw comparative analysis on entity performance as far as the PFM goes.
- In 2018 they determined that the Grain Marketing Board was the best performing entity in comparison to the audited entities.

The impact of the tool has also been evident among the SAI's key stakeholders. As a result of the improved quality of the findings in the AG's report, Parliament was compelled to deepen its oversight on the Ministry of Finance and Ministry of Lands. Auditees have also noted with appreciation the relevance of the questions asked by the auditors as it relates to the performance assessment in terms of SDGs, budget preparation and budget approval. Overall, there have been more of the audit recommendations implemented. Parliament has also established a tracking tool that enables them to monitor the implementation of recommendation by the entities.

Implementing the tool has not however been without its challenges. To effectively implement the tool, it is important that some of the PFM procedures be carried out as part of general audit procedures in every audit, even if it's not part of the dedicated PFM analysis. Some of the issues that surfaced at the SAI, which are likely to be true for other SAIs are:

- Challenges to communicate effectively with the auditees, affected the quality and timing of audit evidence gathered.
- The tool was not part of the annual audit plan and therefore staff viewed it as extra work.
- The tool is Excel-based, which requires every auditor to have a laptop.

To address some of these challenges, the SAI has planned to include the audit of PFM on the annual work calendar. This will ensure that every department and section is aware of the activity and that enough resources and time are allocated to the assignment.

The message coming out loud and clear from SAI Zimbabwe and echoed by all the SAIs that have implemented the tool, is that the benefits far outweigh the challenges.

One needs to consider all perspectives, question the validity of each finding and answer given by the auditee, before reaching a conclusion and giving a recommendation.



Training-of-Trainers Programme

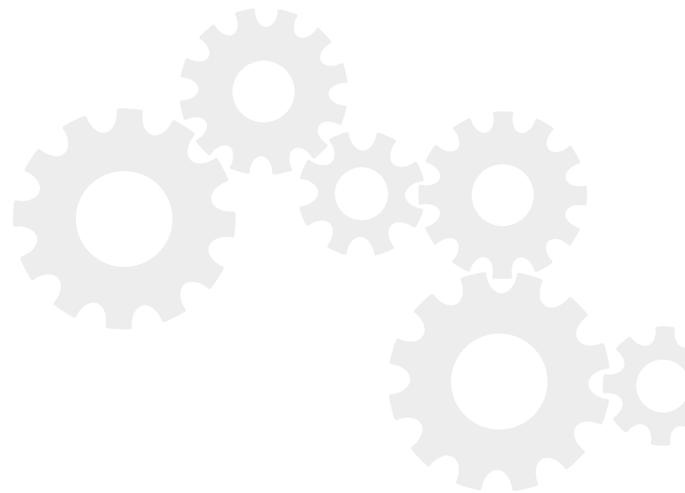
Adult learning / training is a highly specialised area with complex theories and practices that form the foundation of effective and high-quality training material. With the increase in demand for training in the region, the Training-of-Trainers (ToT) programme, developed with support from the Swedish NAO is a key initiative to drive the sustainability and quality of our training interventions.

Through the ToT programme, we aim to build a pool of skilled and competent trainers who can design and facilitate technical audit-related and institutional-related learning interventions in their home SAIs and the wider regional community in an effective and efficient manner.

We held two very productive Masterclass training workshops in 2019 as part of the first phase of the programme. The participants included technical managers from the Secretariat as well as a group of regional subject matter experts from seven SAIs. The participants acquired advanced content design and facilitation skills.

There are both short- and long-term gains from this programme. Our teams have already started to implement the learnings from the programme to improve existing and develop new training materials. The next phase of the programme will entail training regional champions to establish and strengthen the pool of qualified trainers. This will enable SAIs to conduct more in-house training, which will result in more SAI staff getting access to training.

The pool of qualified trainers will be a valuable resource for SAIs to further contribute to innovative approaches to learning, beyond formal training interventions. We do however acknowledge that there are challenges related to the perceived value of training presented by external trainers vs. internal trainers. This is a change management issue that SAIs will need to address for the ToT to achieve the desired long-term benefits.



AFROSAI-E Learning Platform (ALP) goes live

We've been using online learning or e-learning as part of our training curriculum since 2015. Over the last three years we've escalated our range of online learning programmes and we launched an initial online learning platform in 2018.

By mid-year in 2019, we had over 200 people registered for one or more of our eight online programmes. The clear interest shown by SAI staff, gave us the impetus to continue developing the platform and at the Technical Update Conference, we launched the AFROSAI-E Learning Platform (ALP).

ALP enables us to implement a blended learning approach that combines online learning with face-to-face training. We implemented this approach with the Audit of Extractive Industries programme. Participants had to complete the online training programme and submit a pre-assessment as a prerequisite to attending the training workshop. The development of an e-learning programme on Performance Audit Advanced Data Analytics commenced, and it will be rolled out in 2020.

There online programmes already available on ALP include:

- Performance Audit Basic Module
- Audit of Extractive Industries
- Environmental Audit Risks
- Coastal Audit
- External Communication Toolkit
- AFROSAI-E Induction Programme
- African Professionalisation Initiative video

Developing and facilitating e-learning programmes is extremely time-consuming and does require a specialised skillset. While we expect that in the long-term there will be some training programmes that we could implement in full on ALP, we also acknowledge that this transition will take time. A key challenge is, therefore, that during this transition period, we will need to balance the need for face-to-face training while allocating enough time to develop and implement online learning.

We are aware that there are challenges with connectivity in some of our member countries and we've therefore tried to keep the size of online materials to a minimum. For staff to benefit from these programmes, it will be essential that SAIs give their employees time to work through the material at the office. We will continue to engage with the SAIs on an ongoing basis to find the most effective methods to incorporate the e-learning material into the SAIs' training curriculum.



*Kichaka Mosiye,
the Extractive Industries
e-learning ambassador*

*Hi, I'm Zima!
My stripes are
completely unique... and
so are my learning needs!
ALP empowers me to create
a tailor-made learning
journey that's as unique
as I am.*



*Zima is our AFROSAI-E
Learning Platform mascot*

Leave no one behind

Our vision is to strengthen the region to improve their audit performance. We are committed to leave no SAI behind as we strive to achieve this vision. Therefore, we have initiatives aimed at supporting individual SAIs and groups of SAIs with intensified and/or accelerated support.

Accelerated Peer-Support Partnership

AFROSAI-E partnered with the IDI in 2018 to support SAIs included in the Global Call for Proposals Tier 2, specifically the SAIs of Eritrea, Zimbabwe, The Gambia and Sierra Leone. The Global Call for Proposals (GCP) is a mechanism that seeks to match SAI capacity development proposals with donors or INTOSAI funding and partners or peers that provide quality support for the development of these SAIs. The SAI Performance Measurement Framework (PMF) was used to establish a baseline against which development is being assessed. The programme is nearing the end of phase 1 and moving into phase 2 for scaled up donor support for country-specific projects. All SAIs in the first phase of the PAP-APP programme have indicated they are willing and keen to move into phase 2.

Phase 1 focused on supporting the SAIs with their strategic management systems and processes, external support coordination and developing project proposals. Phase 2 will focus on supporting SAIs to implement their strategic plans with the assistance of peer advisors and additional donor funding where required. The programme team has acknowledged the general challenges around establishing project support groups, especially when it comes to securing firm commitments from donor partners to support the SAIs in the implementation of phase 2 of the programme. Despite this, some of the SAIs have secured committed support from donors and peers. However, more donor commitment is needed if this programme is to improve performance of the SAIs.

SAI Zimbabwe

The main support in Phase 1, was to do a mid-term review of their Strategic Plan for 2016-2020. This brought to light areas of improvement, but also highlighted areas that the SAI was excelling in. They received strategic and operational planning support and capacity building in stakeholder management. The SAI was part of the development group that created templates for annual reporting on own performance. As a result, the team developed an improved Annual Report on the SAIs' performance while also contributing to the region with a template guidance document.

SAI Eritrea

The SAI successfully launched its Strategic Plan (2019-2023) in December 2018, with a well-attended stakeholder event. Over the course of Phase 1, we supported the SAI to develop their first operational plan, monitoring and evaluation system and quarterly monitoring and evaluation reports. This has helped the management team to track progress in the implementation of the strategic plan. This year, the SAI also participated in the performance reporting development team and produced a high-quality Annual Performance Report. The SAI is now able to design and implement these processes and documents for themselves in the future.

SAI Gambia

With a needs assessment report finalised, the SAI embarked on a results-oriented, inclusive and collaborative process to develop its new strategic plan. Experts from AFROSAI-E, IDI, SAI Norway and SAI Ghana supported the effort. This resulted in a document that the SAI has used to develop its first crosscutting operational plan, new monitoring and reporting tools, and two successful development project proposals.

SAI Sierra Leone

The most important output of Phase 1 for Sierra Leone has been the mid-term review of their Strategic Plan. It was designed to be both an independent evaluation of progress implementing the current strategic plan as well as a review of the strategic framework in general. The findings of the report laid the groundwork for additional PAP-APP supported activities including a strategic plan addendum, targeted operational plan activities and a concept note for external support. In 2020, the mid-term review report will also be a key reference for the development of a new strategic plan.

Intensive support programmes

In partnership with the IDI, we provided intensive support to the SAIs of South Sudan and Somalia. In both cases, three-year support agreements enable long-term implementation of the initiatives.

The SAI Somalia agreement runs from 2018 to 2020 and with a focus on providing support to implement their strategic plan. We supported with a combination of technical peer-support and training. We implemented an intensive programme that resulted in a step-by-step toolkit on recruitment best practices, that the SAI can now apply. We assisted them to recruit specialists and to develop an HR Strategy and Training Plan.

We provided the SAI with on-the-job training on ongoing financial and compliance audits to enable transfer of knowledge. The support was provided both in the form of physical workshop and online sessions which covered the audits from planning to reporting and quality control. The SAI was able to translate the Financial and Compliance Audit Manuals into Somali and customise them to suit their operating environment. The commitment and leadership of the SAI played a major role in them producing their first audit report which was tabled in Parliament.

The SAI South Sudan agreement runs from 2017 to 2020 with the purpose of supporting the SAI to implement key strategic priorities for the period. These include areas of auditing, stakeholder relations as well as planning, quality control and reporting. Key outcomes the SAI was enabled to deliver on in this period included:

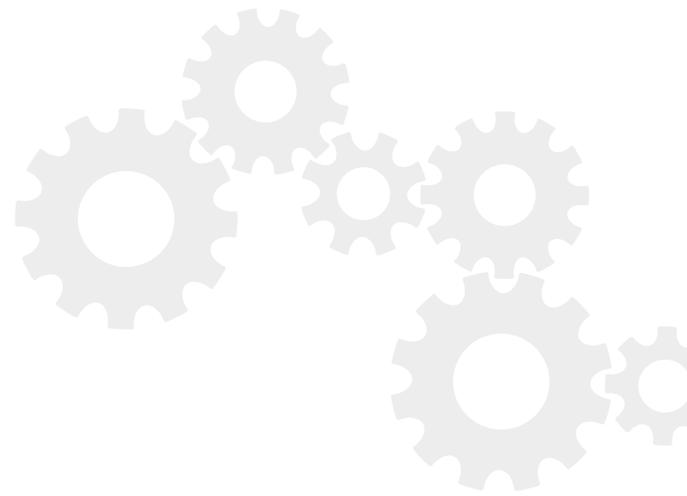
- The Strategic Plan for the period 2020 to 2024 was finalised mid-2019 and is currently being used as basis for developing the Strategic Change Project 2020-2024
- A Human Resource Strategy was finalised and customised to address the SAI context
- The Stakeholder Engagement Strategy was finalised in 2019.
- A Quality Assurance Policy was adopted.
- The SAI completed their Annual Activity Report in December 2019 which outlined their progress and challenges on key activities.

The SAI Nigeria three-year project started in 2019. The aim of this accelerated training is to create a critical mass for sustained internal capacity building, which can be transferred by the SAI to the State-level Auditors General. To achieve this,

- our focus is to train trainers and to support on-the-job training interventions to promote knowledge transfer on a sustainable basis. The interventions targeted auditors in various disciplines with the intent to enhance and/or develop their technical audit skills as well as their functional competencies and understanding of ethical behaviour.
- key areas include Financial and Compliance Audit, Information Systems Audit, Performance Audit, the Audit of Extractive Industries
- human resources and conducting a Culture Values assessment

- provided management development training.
- intensive Information Systems Audit support in the three phases of audit is provided (planning, executing and reporting). In 2019 we focused primarily on the planning phase. As a result, the IT Audit Unit has started performing technical IS audits, such as the audit of databases and Active Directories (AD).

We executed nine training interventions with the support of experts from the SAIs of Tanzania, Ghana, Uganda, Liberia and Botswana.



SAI ERITREA TRIPLES ITS PERFORMANCE AUDIT CAPACITY



SUCCESS STORIES 2

In the space of only three years, the small coastal nation of Eritrea has expanded its performance audit capacity three-fold.

Eritrea gained its independence in 1993, but border disputes with neighbouring countries remained unresolved until 2018. Known for its Italian colonial buildings and art deco structures in its capital of Asmara, the nation has a population of approximately 3 million. Despite the political and economic challenges, which continues to plague the country, the progress made by the Office of the Auditor General of Eritrea since it was established in 1993, is remarkable.

Early in 2016, the SAI signed a memorandum of understanding with AFROSAI-E, with the focus on strengthening their performance audit capacity. As part of the agreement with the SAI, AFROSAI-E implemented an accelerated Performance Audit Module course for 21 auditors, in Asmara. After implementing the training, the SAI established a Performance Audit (PA) Unit with two staff members who had previously received training but were not practicing in PA.

Further support after 2017 included ongoing on-the-job training from regional experts. Within one year after establishing the PA Unit, the SAI had produced nine complete performance audit reports. Seven of the reports stemmed from the PA Module course and another two reports were produced separately.

“ Without AFROSAI-E’s assistance to train 21 auditors and establish a performance audit unit within such a short time, it would probably have taken seven to ten years. It would have been very difficult and likely not possible at all. - Menghis Dagne (SAI Eritrea) ”

The SAI demonstrated exceptional commitment to operationalising all the milestones set out in the memorandum of understanding with AFROSAI-E. This accomplishment was recognised during the 2018 Technical Update when the SAI was given an award of excellence in achievement.

After the end of the MoU, the SAI continued efforts to build confidence in their PA staff and maintain continuity for the performance audit function. They’ve done this through participation in AFROSAI-E’s ongoing performance audit supervision and review training as well as training with other peers in the region. This has ensured that the auditors continuously get challenged, fostering faster growth. The performance auditors have displayed exceptional skills with the peers, evident in the level and depth of discussions at these regional engagements.

Despite numerous challenges, the SAI has not been deterred from their commitment to issue performance audit reports. These reports have made an impact at auditee level. The recommendations for remedial actions have enabled the auditees to better understand the gaps they have had in their organisational activities. The state television, newspapers and radio channels widely covered the introduction of the performance audit function at the SAI. This created awareness among the citizens, especially those who live in cities on the role and function of the SAI to audit government institutions through diverse means.

“ Despite the huge strides made, some gaps still exist. Our auditors require continuous coaching to become conversant in the field. The language barrier also remains a huge challenge. The Audit manuals are in English, while the business language in Eritrea is Tigrinya. However, plans are underway to customise the PA manuals, once we’ve had time to rigorously test the manuals. – AG Eritrea ”

The SAI has shown steady growth and improvement, not only in Performance Audit but in other disciplines as well. Leadership dedication to investing in the development of staff technical skills has been instrumental in this process.

8. STRATEGIC IMPERATIVES

Our Strategic Plan for 2015 – 2019 identified four strategic imperatives as drivers for the change members want to see in the region. Below is a summary of the key outputs and outcomes achieved during 2019, the last year of the current Strategic Plan period.

8.1 Strategic Imperative 1: Professionalising Public Sector Auditors and Accountants

Desired outcomes for the 2015-2019 Strategic Plan period			
<ul style="list-style-type: none"> To establish a regional professional framework, aligned with international practices that provides for the recognising and accreditation of public sector auditing and accounting. 			
Outcome summary for the 2015-2019 Strategic Plan period			
<ul style="list-style-type: none"> A recognised regional framework has been established through the African Professionalisation Initiative (API) and aligned with international practices. The API is now viewed as a leading voice on public sector professionalisation in the region. 			
Performance target for 2019	Planned # of activities	Actual performance	% Achievement
80% achievement of measurable activities	25	21	84%
Budget for 2019	Actual costs incurred	Difference	Explanation
ZAR 10.3 m	ZAR 2.1 m	ZAR 8.2 m	IFAC curriculum development spread over 2 years

The establishment of the African Professionalisation Initiative (API) is the most fundamentally important outcome for this strategic imperative. The API, a partnership between AFROSAI-E, PAFA, ESAAG and CREFIAF¹, is working to build capacity of accountancy professionals in Public Finance Management in the areas of accounting and auditing.

The API is functioning independently through its own governance structure which represents all partner organisations, but it will continue to be housed under the

AFROSAI-E Executive Secretariat (as agreed by the partner organisations). Over the next strategic period the intention is to establish an independent API entity.

The API's competency framework provided a material input to guidance produced by the International Accounting Education Standards Board on how to apply the International Education Standards in a Public Sector context. The INTOSAI CBC's guide on pathways for professional development also cites the initiative as an example of a professional pathway.

- 17 members in the Interim Oversight Board (IOB) (including 5 AFROSAI-E members)

- 4 SAIs received technical support for professionalisation activities (Zimbabwe, Namibia, Mozambique and Botswana)

1. Pan African Federation of Accountants (PAFA), The East and Southern African Association of Accountants-General (ESAAG), Le Conseil Régional de Formation des Institutions Supérieures de Contrôle des Finances Publiques d'Afrique Francophone Subsaharienne (CREFIAF)

The aim of agreements with in-country professional bodies, is to get public sector audit recognised as a profession and to stimulate the inclusion of SAI staff as members. The Memorandum of Understanding signed between AFROSAI-E, ESAAG and PAFA (new MOU that includes CREFIAF is expected to be signed soon) is evidence of an on-going commitment to the recognition of both public sector auditors and accountants as professionals. The development of accelerated learning materials (see below) will support this process and provide a pathway for incumbent public sector auditors and accountants to obtain professional designations in their countries.

Ultimately, we expect SAIs will benefit from improved country structures to support accountancy qualifications that address the needs of the public sector.

We supported and contributed to the INTOSAI Capacity Building Committees' Task Force on INTOSAI Auditor Professionalisation (TFIAP) and IDI's programme on Professional Education for SAI Auditors (PESA). These activities are contributing to the development of the public sector audit profession.

The API Interim Oversight Board (IOB) held two meetings in 2019. The Board has achieved its goal of bringing together the key stakeholders that will help drive the professionalisation efforts in the future. Members include representatives from all the API partners, including five Auditors General from AFROSAI-E.

The IOB established the Project Steering Group and an Academic Advisory Committee to support the activities of the API and to complete the governance structure as originally envisaged. A new strategy has been developed and is expected to be approved by the IOB in 2020.

Agreements with development partners and donors to fund interventions aligned with the Professionalisation Strategy was a key desired output for this strategic plan period. We obtained funding through the DfID-funded IFAC PAO Capacity Building Programme. We are using this funding to establish an **online learning platform and accelerated learning materials** targeting senior government officials in Public Finance Management roles, including SAI auditors. The project commenced in August 2019 and will conclude in 2020.

We provided technical support on professionalisation efforts at four SAIs. Support was primarily in the form of the SAI's development of professionalisation strategies and in influencing SAI leadership to establish the institutional structures needed to support professional development. We supported SAI Mozambique to develop a certification pathway for external auditors. In Zimbabwe, we continued to provide technical support their public sector accountancy capacity building project with a focus in 2019 on curriculum development.



8.2 Strategic Imperative 2: Being a credible voice for beneficial change

Desired outcomes for the 2015-2019 Strategic Plan period			
<ul style="list-style-type: none"> • Communication as an internal and external instrument to drive change in member SAIs. • SAIs guided and trained on integrating ethical and professional values in management practices 			
Outcome summary for the 2015-2019 Strategic Plan period			
<ul style="list-style-type: none"> • Communication and stakeholder relations has been established as an integral function for SAIs to achieve their mandate. SAIs have started to produce simplified “citizens” audit reports and graphic audit reports to reach a broader range of stakeholders. Almost all our SAIs now have Stakeholder Engagement Strategies in place that identifies Public Account Committees, Civil Society Organisations and the Media as key stakeholders. The expanded range of organisational assessment tools have made it easier to integrate professional values and ethics in SAI strategic and operational plans. 			
Performance target for 2019	Planned # of activities	Actual performance	% Achievement
80% achievement of measurable activities	23	23	100%
Budget for 2019	Actual costs incurred	Difference	Explanation
ZAR 1.8 m	ZAR 0.9 m	ZAR 1.1 m	Savings on activities

Communicating effectively with stakeholders

To support members to more effectively engage with their legislative and other stakeholders two e-learning toolkits are available. The first is the **SAI/PAC Relations toolkit** that gives guidance on how to strengthen relations with public accounts committees. We have noted a low number of registrations for this tool, which is likely the result of a lack of awareness and we will address this concern in the coming year.

The second toolkit is the online **External Communication Toolkit** which provides guidance on engaging the media, civil society and citizens using the appropriate communication tools. The toolkit supports SAIs to have meaningful and effective dialogues with stakeholders about their work. We’ve got over 30 registered users for the toolkit to date and will be intensifying awareness around its use going forward.

A significant challenge for SAIs globally, is to prepare audit reports that are simple, clear and using language that all their stakeholders can understand. Our response is a

practical report writing training programme that focusses on plain language, developing high impact messaging and user-friendly report structures that are in line with the ISSAI requirements. The initial gains of this programme are on an individual level. We implemented three in-country training workshops and one for the West Africa region. We also delivered shortened version of the training as part of the Quality Assurance Certification programme. With more SAI staff trained to write in plain language, we foresee a gradual positive impact on SAI reports.

Lead by example

SAIs must apply high standards of ethics and integrity to ensure their stakeholders see them as credible institutions. We supported members to strengthen this capacity with a variety of tools. **Our Culture and Organisational Assessment tool** provides SAIs with insights into their current culture, enables them to identify critical issues impacting their performance and find ways to maximise engagement and performance of staff. The assessment tool aids SAIs to instil a culture of ethical behaviour by



- 3 In-country Report Writing training workshops
- 1 West Africa Sub-Regional Report Writing training workshop
- 30 participants registered for online External Communication Toolkit
- 6 Culture and Organisational Assessments conducted (Namibia, Botswana, Seychelles, Eswatini, Nigeria, Zimbabwe)
- 4 Into SAINT interventions (Sudan, Malawi, Namibia, Nigeria)
- 1 Development workshop on SAIs reporting on own performance
- 1 SAI supported to implement the SAI Performance Management Framework (PMF)
- 21 participants attend a Strategic, Operational and Risk Management regional workshop

increasing awareness on the importance of integrating ISSAI 30 into values and staff conduct policies.

We conducted assessments at six SAIs this year. Our medium-term objective is to capacitate SAIs to develop and implement their own Organisational Development Plan / Policy to address the issues identified in the assessment.

In addition to this assessment tool, we also supported SAIs to implement two other tools, namely **the IntoSAINT tool and the SAI PMF tool**. In alignment with our leadership and strategic planning programmes, these are useful tools for SAIs to identify where they need to strengthen or develop good governance processes and sound internal control and management practices

We partnered with the IDI to develop a customised strategic plan process under the Strategy, Performance, Monitoring

and Reporting programme. We implemented the process at five SAIs, resulting in the current review and revision of their Strategic Plans. **Our Strategic, Operational and Risk Management regional workshop** focused on the theme *Strategic Management – the role of SAI Leadership teams*.

SAIs reporting on their own performance, is a crucial element of leading by example as being credible and transparent institutions. We held a research and development workshop this year to define the needs of SAIs in the region for capacity building in **reporting on own performance**. The result was a three-level approach to support SAIs that are (1) not reporting at all or to a limited extent, (2) already reporting on an annual level or (3) ready to report on an integrated level. Three SAIs supported us to develop reporting templates during their annual reporting process. We plan to finalise these templates and additional guidance for release in 2020.

8.3 Strategic Imperative 3: Turning leadership from capacity to capability

Desired outcomes for the 2015-2019 strategic period			
<ul style="list-style-type: none"> For SAIs to have leaders and managers with strategic and inter-personal skills and institutionalised leadership and MDP programmes leading to a visible increase in performance. 			
Outcome summary for the Strategic Plan period			
<ul style="list-style-type: none"> We implemented the first Executive Leadership Development Programme and Senior Leadership Development Programme with positive results on individual level. The programmes have achieved positive individual impact, but more development is needed to elevate impact to organisational level. The continued roll-out of the Management Development Programme (MDP), enabled the participating five SAIs to implement between them, 20 different Organisational Development (OD) projects to strengthen their institutions. 			
Performance target for 2019	Planned # of activities	Actual performance	% Achievement
85% achievement of measurable activities	11	7	64%
Budget for 2019	Actual costs incurred	Difference	Explanation
ZAR 2.9 m	ZAR 0.8 m	ZAR 2.1 m	ToT Champions, SLDP and SAI MDP interventions were postponed

The first Senior Leadership Development Programme (SLDP) concluded in 2018. We did not start with a second roll-out this year as planned, as we needed to review the overall impact of the programme after the first round of implementation. We noted that the shared learning amongst the leaders in the region was highly effective. Both the SLDP and its predecessor, the Executive Leadership Development Programme, emphasised the focus on individuals and leadership teams. As a result, we could see the difference on an individual level through their success stories including the promotion of some of the participants in the programme. However, the impact is not yet evident on an organisational level. We will therefore develop an evaluation system to assure the proactive assessment of the SLDP's value add.

• 1 Management Development Programme at SAI Nigeria with 30 participants

Our Management Development Programme (MDP) has resulted in enhanced organisational capacity at management level in the SAIs that have implemented it. These capacity improvements include the recognition of the critical need for professional Human Resource and Communication specialists as well as a greater cohesion across the divisions. The MDP covers aspects such as organisational culture, strategic planning, internal and external communication, change management, project management and quality assurance to:

- improve leadership and management knowledge and skills of participants.
- ensure that participants understand challenges and what is expected of them as individuals and in team(s).
- Identify and encourage participants with potential to prepare and implement individual and SAI organisational development initiatives.

We have noted that there is a risk of an overdependence on AFROSAI-E support to implement the projects stemming from the programme.

This year, we implemented an MDP with SAI Nigeria as part of the accelerated support programme and it included

elements of the SLDP. The MDP targeted Directors, Deputy and Assistant Directors, Managers and Chief Auditors and imparted fundamental theories of management and the related competences, improved performance in soft skills and created a forum to share challenges.

8.4 Strategic Imperative 4: Driving innovation and creativity

Desired outcomes for the 2015-2019 Strategic Plan period			
<ul style="list-style-type: none"> The aim of this strategic imperative is to promote innovation and stimulate creativity by researching these changes to optimise opportunities that could improve our efficiency and performance. 			
Outcome summary for the 2015-2019 Strategic Plan period			
<ul style="list-style-type: none"> Innovative new approaches to auditing, including the PFM Reporting Framework Tool, the Extractive Industries Value Chain Model and the SAI Enhancement Audit Tool have established crucial foundations for SAIs to strengthen their audit efficiency and we are confident this will result in greater audit impact in years to come. 			
Performance target for 2019	Planned # of activities	Actual performance	% Achievement
90% achievement of measurable activities	76	71	93%
Budget for 2019	Actual costs incurred	Difference	Explanation
ZAR 4.4 m	ZAR 2.9 m	ZAR 1.5 m	Fewer SAI visits, travel savings

Global Developments

Sustainable Development Goals and Agenda 2063

We significantly expanded our materials and interventions around the UN Sustainability Development Goals (SDG) and the Africa Agenda 2063 goals. Our efforts included developing a **Guideline on Sustainable SAIs: Leading by example and contributing to the SDGs and Agenda 2063**. Five regional subject matter experts were part of the development team. We published the Guideline as an exposure draft at the 2019 Technical Update, with the intent of finalising it during 2020.

Our emphasis has been to integrate the SDGs and Agenda 2063 goals into the relevant audit topics using different audit methodologies. We held several



- 26 SAIs used ICBF for self-assessment
- 14 SAIs (including SAIs outside the AFROSAI-E region) performed audits using the Public Financial Management tool
- 7 In-country PFM Reporting Framework tool workshop & 1 Regional Workshop
- 15 Subject matter experts from 7 SAIs trained on PFM tool
- 6 AFROSAI-E SAIs & 2 SAIs from other regions prepared reports to their parliament using the PFM tool
- 15 SAIs using Extractive Industries risk assessment programme
- 3 Extractive Industries in-country workshops & 1 Regional Training Workshop
- 8 SAIs piloting programmatic audit toolkit in the audit of donor funds (AFROSAI-E & CREFIAP)
- 15 SAIs adopted the Audit Flow

in-country interventions with the specific focus on raising awareness on the role of SAIs to audit and contribute to the SDGs, including a workshop for the ARABOSAI region. Our primary focus however is to incorporate the topics into our performance audit as well as financial and compliance audit interventions. This has enabled SAIs to deliberately **mainstream the SDGs into their audits**.

Audit innovation

Public Finance Management Reporting Framework Tool

We had significant growth in this area with 14 SAIs in our region and beyond using the PFM reporting framework tool to do their audit planning. The tool enables SAIs to report on the entire public finance management system holistically, thereby enhancing the robustness of SAI reports to parliament.

Using the tool, these SAIs were able to **scope the audits of specific Ministry/Department/ Agency (MDAs)**. The tool enables SAIs to systematically audit, report and make recommendations on the performance of the entire PFM system annually. A total of 14 SAIs have piloted the tool, including several SAIs from Portuguese-speaking countries.

We also presented on the benefits of PFM analysis in understanding the robustness of public sector financial management systems at the United Nations High-level Political Forum on Sustainable Development.

The feedback received following the pilot audits include confirmation that the tool enables the interrogation of the entire PFM system of the country. It also has the dexterity to audit and report on the implementation of SDGs at both ministerial and country level. As such, we have since enhanced the tool to add more audit procedures and dashboards to assist SAIs in the audit and reporting of implementation of SDGs. With these new innovative additions, the PFM Reporting Framework is the “go to tool” for SAIs to audit the SDGs.

Audit of Extractive Industries

Following an exposure period of one year, our Guideline on Audit Considerations for Extractive Industries was finalised in November 2019. The guideline is a reference guide to SAIs mandated with the audit of extractive industries in the public sector, to perform risk-based audits of the sector. This capacitates them to perform a country level risk assessment along the extractive industries value chain using

the **AFROSAI-E Extractive Industries Value Chain Model**. Through our extractive industries country risk assessment programme, 15 SAIs have performed risk-based audits which are relevant to their countries extractive industries sector, in line with INTOSAI P-12.

We developed a basic e-learning programme based on the guideline that enables a blended learning approach to extractive industries workshops. Participants had to complete the e-learning course prior to attending the face-to-face workshop to ensure a uniform level of understanding. The Working Group on Extractive Industries also used the guideline to inform the development of their learning curriculum. The WGEI curriculum has nine courses which are all catered for in the guidelines. This has brought international recognition of our guidelines on the extractive industries sector.

The Netherlands Court of Audit (NCA), in collaboration with AFROSAI-E, implemented a regional cooperation project to strengthen the knowledge and understanding of undertaking performance audits of government management of petroleum contracts for petroleum exploration and production. The project included audit teams from SAI Tanzania (NAOT), SAI Kenya (OAG) and SAI Mozambique (TA) and was funded by the Netherlands Ministry of Foreign Affairs.

The regional cooperation project is an essential part to assist resource-rich countries to secure revenues generated from oil and gas production. To that end, the NCA developed a learning module on performance auditing of petroleum exploration and production specifically for SAI auditors in countries with oil and gas exploration and production. The e-learning module will be available in 2020.

Audit of Donor Funds

We have a memorandum of understanding with the Global Fund Secretariat and the Office of the Inspector general (OIG) of the Global Fund. The purpose is to encourage collaboration for the improved internal and external audit assurance of Global Fund grants in recipient countries. Through the collaborative efforts, there has been an increase in the use of country systems by the OIG to meet their internal audit mandate. This year the SAIs of Rwanda, Malawi, Liberia and Sierra Leone benefitted from the exchange of knowledge under this programme and managed to increase their quantitative and qualitative audit coverage.

Through these agreements, the Global Fund Secretariat is working with the us to implement a process of accrediting SAIs to perform external audits of Global fund grants to their countries. We expect this accreditation process to be finalised soon. The programme has also resulted in a joint



capacity building project between AFROSAI-E and AIDSPAN to prepare SAIs to conduct programmatic audits through a GIZ-funded project called SAIs audit Global Fund grants in sub-Saharan Africa. This one-year project has resulted in the development of a programmatic audit methodology toolkit for SAIs. The SAIs of Ghana, Kenya, Liberia, Malawi, Rwanda, Sierra Leone as well as Burkina Faso and Togo (non-AFROSAI-E members) have since piloted the toolkit.

Data analytics in Performance Audit

Data analytics training empowers performance auditors to get greater insight on root causes and underlying issues. This enables them to have analytical insights, as required by the standards, which enables them to **give strong recommendations that help policy makers take informed policy decisions**. While continuing to provide on-site data analysis training throughout the year, development of an online learning programme started, which will be implemented in 2020.

In collaboration with the Global Fund, we implemented a Data Analysis course in Zambia. The intervention combined the audit of the Sustainability Development Goals with Data Analysis and **resulted in new insights on the methods that SAIs can use** in their performance audits going forward. The integration of data analysis and the audit of SDGs also gives the performance audit reports greater impact with higher value to citizens. Partnering with sector-based agencies such as the Global Fund has improved the approaches and insights to audits in health sector, thereby enhancing the quality of the audits performed.

Application of modern information technology

Audit Management Software

We launched the AFROSAI-E SAI Enhancement Audit Tool (A-SEAT), our answer to an affordable, efficient Audit Flow Software solution for SAIs in the region.

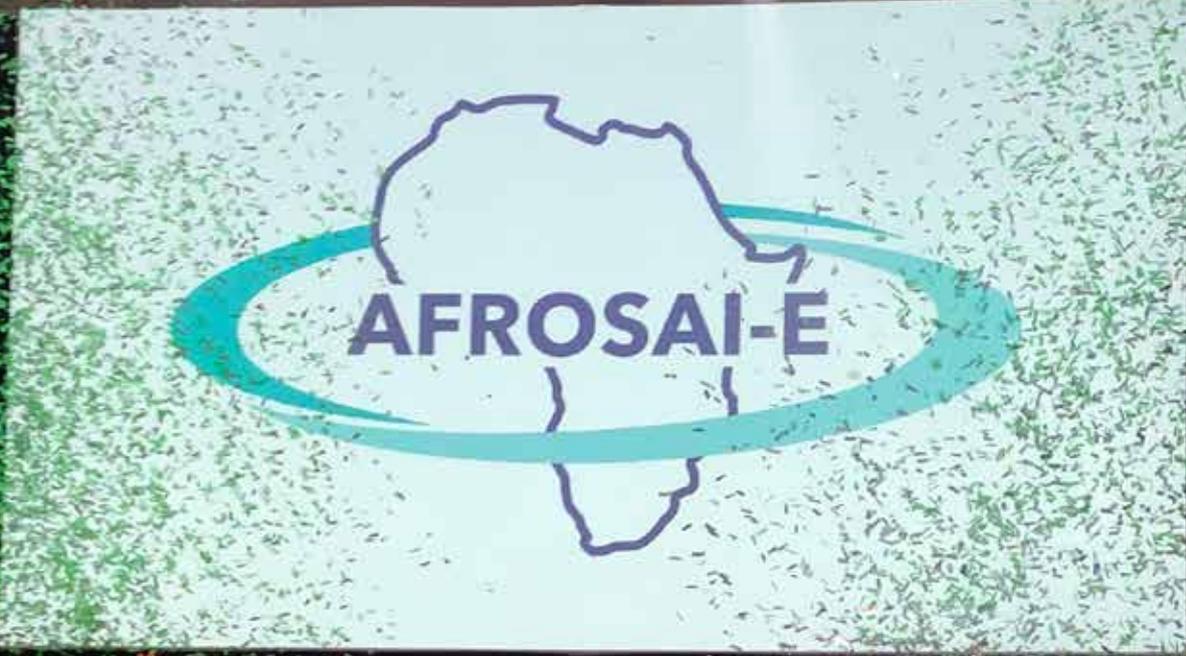
The A-SEAT replaces the original Audit Flow (process of conducting audits) used for financial, compliance and performance audits. This has led to improvement in the completeness of documented audit evidence and retention of audit files. The A-Seat has fully automated the audit flow, enabling SAIs to track audit activities in real time, allocate and schedule responsibilities of audit teams, achieve uniformity in applying audit methodology and track performance of teams.

The A-SEAT also has functionalities that enables a SAI to carry out comprehensive annual planning or sector assessments and quality assurance reviews of assignments. We've designed the tool to be highly customisable so that SAIs can configure it to their own unique working methods.

Working Group on Information System Audit and Management

As a result of discussions on SAIs in the Digital Age at the 2018 Governing Board meeting, members decided to create a regional working group to share experiences on information systems opportunities and find solutions the challenges SAIs experience. The Working Group on Information System Audit and Management (WGISAM) held their first meeting in May 2019.

The Working Group have agreed to further explore areas of Cybersecurity, Information Systems Audit and Emerging Technologies and members have committed to develop workplans and projects around these areas.



SAI SOMALIA TABLES HISTORIC REPORTS DESPITE INCREDIBLE ODDS



SUCCESS STORIES 3

After decades of civil unrest, Somalia faces a decimated economy, crumbling infrastructure and a nation divided. When Somalia's tenuous transitional administration handed power over to a new government in 2012, the newly declared Federal Republic of Somalia had only limited control over the country. But there was hope that this government would usher in a new era; one in which Somalis could achieve peace and focus on rebuilding their country.

While civil war continues to rage on in the southern and central parts of Somalia, significant efforts have been made to rebuild the rest of the country. These efforts are evident in the work of some institutions, which are striving to restore the rule of law and order. One such entity is the Office of the Auditor General of Somalia (OAGS).

To aid the OAGS in their tireless work to institute public governance and transparency in the country, AFROSAI-E and the INTOSAI Development Initiative (IDI) have, since 2018, provided capacity building support to the SAI. The support programme includes technical peer-to-peer support from AFROSAI-E, IDI and SAI Uganda as well as the SAIs' participation in key training interventions. The aim of the support is to help the SAI implement the six goals they have set in their Strategic Plan.

In October 2019, in the face of many challenges, in 2019, SAI Somalia made history by submitting three audit reports to

Parliament. The two consolidated compliance audit reports (for the Security Sector and the Non-Security Sector Entities respectively) covered 37% of all entities in the Federal Government of Somalia.

The Financial Audit Report for the year ended 2018, was especially significant. For the first time in recent history, the Accountant General's Office, on the recommendation of the OAGS, prepared the financial statements of the Federal Government of Somalia on the cash-basis IPSAS (International Public Sector Accounting Standards). The OAGS conducted both the compliance audits and the financial audit in full compliance with the INTOSAI Standards (ISSAIs).

The financial audit report, which received wide media attention in Somalia, highlighted significant audit results on failure to comply legislation, revenue collected and used at source contrary to the law and, weaknesses in internal controls. The overall conclusion stemming from the two compliance reports, was that most of the entities audited did not comply with laws and regulations for effective management and accountability of public funds entrusted to them.

AFROSAI-E recognised this significant accomplishment with an award of recognition conferred to the OAGS at the 2019 Technical Update Conference.

“

It is my expectation that my report and the audited financial statements for the year ended 31 December 2018 will contribute to greater transparency and accountability in the use of public finances to improve on service delivery for the people of the Federal Republic of Somalia.” – Mr Mohamed M. Ali, Auditor General of Somalia

”

9. OPERATIONAL INTERVENTIONS

9.1 Operational Intervention 1: Technical Capacity Building – Regularity Audit

Desired outcomes for the 2015-2019 Strategic Plan period			
<ul style="list-style-type: none"> The aim is to ensure that existing material are reviewed and updated regularly and technical support and training to SAIs are provided. 			
Outcome summary for the 2015-2019 Strategic Plan period			
<ul style="list-style-type: none"> The Financial Audit and Compliance Audit Manuals were developed to align with the latest INTOSAI standards and implemented throughout the region. 15 SAIs have already adopted the new methodology and 12 SAIs have customised the manuals to their own context. Technical support and guidance material on Information Systems Audit capacity significantly increased during the period. Since 2015, seven more SAIs have established dedicated IT Audit units. We implemented two Quality Assurance Certification programmes, which enabled us to deploy more regional resources for the independent quality assurance reviews. In the last five years, seven additional SAIs have established internal Quality Assurance units and they are progressing towards full functionality 			
Performance target for 2019	Planned # of activities	Actual performance	% Achievement
90% achievement of measurable activities	72	66	92%
Budget for 2019	Actual costs incurred	Difference	Explanation
ZAR 7.6 m	ZAR 6.4 m	ZAR 1.2 m	Fewer SAI visits, travel savings

- We continued to support SAIs with adopting, customising and implementing the Financial and Compliance Audit Manuals. These manuals incorporate the 2016 changes to the ISSAIs. The majority of SAIs in the region have now adopted the FAM and CAM and through the ICBF and quality assurance review results we've seen an **overall improvement in the quality** of the audits and the resulting audit reports. The strong emphasis of integrating IS audit into these mainstream audits and the use of the automated audit flow has also had a positive impact on overall quality.
- We periodically review our regularity audit methodology and update them at least once every three years or as per the need. This year we formally adopted the Audit Considerations for Extractive Industries Guideline (with support from subject matter experts from 7 SAIs).
- The first IS Audit Champions programme concluded in 2019 with the fourth Module workshop. The second

IS Audit Champions programme started in July 2019 and drew participants from 12 SAIs. As part of the programme participants must conduct specialised pilot audits to practically apply the training. The training programme has enabled participating SAIs to conduct a basic audit of a Microsoft SQL server (relational database management system) and Active Directory Domain Services (AD DS). We maintain a database of IS Audit tools and methodologies which SAIs can use and introduced these to the participants of the IS Audit Champions Programme.

- Information technology is a strong component of PFM as most countries are using Integrated Financial Management Information Systems (IFMIS). We have therefore made major efforts to integrate IS audit into mainstream financial and compliance audits, to enhance the quality of the overall results.



- 12 SAIs now have FAM and CAM subject matter experts
- 3 FAM and CAM product reviews
- 13 in-country FAM and CAM support visits
- 3 sub-regional FAM and CAM workshops
- 2 Sub-regional programmatic audit workshops
- 12 in-country IS Audit support visits
- 5 SAIs did IT Self-Assessments & 2 adopted strategies based on results
- 12 SAIs participating in IS Audit Champions Programme II
- 32 participants in Quality Assurance Certification programme

9.2 Operational Intervention 2: Technical Capacity Building – Performance Audit

Desired outcomes for the 2015-2019 strategic period

- The aim is to ensure that existing material are reviewed and updated regularly and technical support and training to SAIs are provided.

Outcome summary for the Strategic Plan period

- The Performance Audit Handbook was updated to enable regional SAIs to produce performance audits that are compliant with the latest standards. The guidance was widely implemented across the region, supplemented by the 3-Module PA Course. We implemented remote learning for the Basic Module, thereby also making the training available to a wider range of staff. New guidance on supervision and review and advanced data analytics were developed and rolled-out.

Performance target for 2019	Planned # of activities	Actual performance	% Achievement
90% achievement of measurable activities	32	31	97%
Budget for 2019	Actual costs incurred	Difference	Explanation
ZAR 3.7 m	ZAR 3.3 m	ZAR 0.4 m	Fewer SAI visits, travel savings

- This year several new facilitators from the region were used in the 3-module Performance Audit course. Having these resources work alongside experienced regional and international facilitators ensured a valuable transfer of experience and skills. This approach not only strengthens the capacity of the facilitators, but also benefits their SAIs with a stronger performance audit capacity overall. The module course emphasises practical application of skills and it is noteworthy that most of the participating SAI teams,

end up publishing their performance audit reports after the course. We have noted an improvement in the quality of the performance audit reports that stem from the module course.

SAIs do however still experience challenges with implementing the in-depth level of analysis that is needed to determine root causes and consequences. We have also noted that not all the reports developed by SAIs as part of the module course have yet been published and tabled in their respective parliaments.

“ I learned a lot of relevant things that are good for self-reflection. Ideas discussed reflected real-life situations. ”

- Many SAIs in the region have implemented our Performance Audit Manual (PAM), which we updated in 2016 following the adoption of new ISSAIs. We have seen an improvement in the quality of audits in the SAIs that have implemented the PAM. The Performance Audit Flow is a logical process flow that assist performance auditors to apply the methodology. The widescale roll-out of our PA Audit Flow, has resulted in streamlined methodology across all stages of the audit through structured use of PAM-based working papers. This year the PA Audit Flow was replaced by the A-SEAT.
- To improve the quality of performance audit reports, the role of operational managers to do effective supervision and review is critical. We held a PA Supervision and Review workshop in Tanzania, which

participants from nine SAIs attended. The principles of the Train-the-Trainer programme was implemented in this years' training. We also implemented the training in Sierra Leone as part of a bilateral request. The training combines both the technical skills and the soft skills that supervisors need to deal with daily challenges. An important outcome of this intervention is the exchange of experiences amongst the participants. While the technical standards guide the tangible components of reviewing a report, the process of engaging employees during the reviews is often the most complex component. Therefore, **the opportunity for operational managers to discuss scenarios, case studies and practical examples** are invaluable to understand and apply the necessary interpersonal communication and leadership skills that they need.

- 35 participants concluded the 2018/19 Performance Audit 3-Module course
- 57 participants started with the 2019/2020 Performance Audit 3-Module course

- 8 SAIs received in-country PA support visits
- 9 SAIs participated in the PA Supervision & Review workshops



9.3 Operational Intervention 3: Institutional Level

Desired outcomes for the 2015-2019 strategic period			
<ul style="list-style-type: none"> The aim is to provide on-going technical support and information sharing opportunities to SAIs on Human Resources, Communication and Legal functions 			
Outcome summary for the Strategic Plan period			
<ul style="list-style-type: none"> Updated guidance on Human Resources including the Handbook and Integrated Competency Framework was developed and widely implemented across the region. The number of regional resources in the region trained in internal and external communication increased from seven participants in 2015 to 21 in 2019. 			
Performance target for 2019	Planned # of activities	Actual performance	% Achievement
85% achievement of measurable activities	31	30	97%
Budget for 2019	Actual costs incurred	Difference	Explanation
ZAR 2.6 m	ZAR 2.5 m	ZAR 0.1 m	Fewer SAI visits, travel savings

• Human Resources

We completely revised the AFROSAI-E Human Resource Handbook. The Human Resource Management (HRM) Framework and Handbook provides practical guidance for HR practitioners, Corporate Services Directors and Managers to attract, motivate, develop and retain highly skilled audit and other professionals in the SAI. The updated guidance places emphasis on the employee lifecycle. In combination with the AFROSAI-E Competency Framework of 2018, **SAIs now have a comprehensive range of HR guidance tools to support them to effectively manage, motivate and develop their staff.**

13 SAIs have already completed their HRM Strategies and SAI Ghana was recognised for developing the best Strategy.

A need to raise more awareness on the Integrated Competency Framework and how SAIs can use it to integrate with technical operational alignment of staff was identified.

With the support of the Swedish NAO, a project commenced to develop online assessment tools to assess the culture fit, numerical and linguistic skills of staff. The medium to long term objective is to use these tools in collaboration with other tools to:

- Assess candidates for recruitment and for level progression (promotion)
- Measure employee potential in terms of future academic development of proficiency in terms of other roles e.g. leadership roles.

We expect to begin with the piloting and subsequent roll-out to the region early in 2020.

• Communication

Over the last five years, the number of communication experts employed by SAIs have increased, as has the capacity of communication specialists to support their SAIs with effective internal and external communication activities. To strengthen the regional communication capacity, an advanced communication workshop was

held in 2019, in addition to the annual communication workshop. We equipped the participants of the advanced workshop with the skills to plan and facilitate the annual workshop for practitioners. Through this initiative, we aim to have a **sustainable growth of communication expertise** in the region. This will enable more peer-to-peer support opportunities and a strong network of practitioners.

- *Legal*

Unfortunately, due to resource constraints, we were not able to hold a training workshop for legal practitioners this year.

- *2 Human Resource Management Regional Training Workshops*
- *13 SAIs have developed Human Resource Management Strategies aligned to their Strategic Plans*

- *2 SAIs implemented our process to develop a recognition policy*
- *1 Regional Communication Workshop*
- *1 Advanced Communication Workshop*



9.4 Operational Intervention 4: Executive Secretariat

Desired outcomes for the 2015-201 strategic period			
<ul style="list-style-type: none"> Implement effective governance, oversight and reporting principles. Interact with stakeholders. 			
Outcome summary for the Strategic Plan period			
<ul style="list-style-type: none"> We upheld the principles of good governance and oversight throughout the period supported by robust reporting and documentation. Engagement with stakeholders increased annually and established new and fruitful collaborative stakeholder relationships that resulted in collaborative agreements to support SAI capacity building. 			
Performance target for 2019	Planned # of activities	Actual performance	% Achievement
100% achievement of measurable activities	9	9	100%
Budget for 2019	Actual costs incurred	Difference	Explanation
ZAR 3.2 m	ZAR 3.7 m	ZAR - 0.5 m	Technical update drew more delegates than planned and higher venue costs

The 2019 Strategic Review and 16th Governing Board meeting

We strive to lead by example in implementing good governance and robust oversight. Our annual Governing Board meeting enables members of the Board to discuss oversight matters within the sub-committees and as a full board. To enable peer-to-peer discussion and deliberations on cross-cutting issues of regional concern, a three-day Strategic Review preceded the Governing Board meeting.

The SAI of Mozambique hosted the 2019 Strategic Review and 16th Governing Board Meeting. In addition to the 26 members of the Board, the event drew over 100 delegates from member and other SAIs, institutional partners and stakeholders.

The theme for the three-day Strategic Review was: *SAIs having a voice to influence government for greater accountability and service delivery*. This theme enabled valuable opportunities for members to share experiences and perspectives, specifically in the areas of:

- Professionalising public sector auditing and accounting in Africa

- The audit of public works and infrastructure
- The PFM Reporting Framework as a tool to produce relevant and high-impact audit reports

The four Sub-Committees have the responsibility to oversee the operations and activities of AFROSAI-E. The sub-committees tabled their recommendations at the Governing Board meeting with all members present. Key recommendations by the sub-committees and supported by the full board included:

The Human Resource Sub-Committee

- Approved the new HR Strategy and updated Organisational Structure for the Executive Secretariat. The structure includes three new positions, namely a second Executive Officer and specialists for Monitoring & Evaluation and Professionalisation.
- Resolved that further development work is needed to identify and develop appropriate Head of SAI and top-management level technical and leadership skills training avenues.
- Encouraged member SAIs to take out travel insurance for their staff when attending international training opportunities.



The Audit Sub-Committee

- Approved the 2018 Integrated Annual Report.
- Approved the appointment process for the AFROSAI-E external auditor for the financial years ended 2020 to 2022.

The Finance Sub-Committee

- Approved the 2019 Budget and Workplan.
- Approved a 10% increase in membership fees effective 2020.

The Capacity Building Sub-Committee

- Affirmed the importance of the Institutional Capacity Building Framework as a self-assessment tool and encouraged members to submit the annual survey within the deadlines.
- Encouraged members to establish resourced internal quality assurance functions.
- Encouraged members to prioritise annual reporting on own performance to lead by example and strengthen organisational credibility.
- Resolved that research must be done to clarify the role of SAI Boards/Commissions

- Concluded that a guideline is needed to assist members to engage stakeholders and advocate for reviewing / amending of legislation to appoint Heads of SAIs for fixed terms.

Technical Committee

The AFROSAI-E Technical Committee is responsible for ensuring that the guidance materials we produced are of high quality, conform to INTOSAI standards and, are in line with best practice.

The committee met in March and September 2019 and reviewed the following documents:

1. Human Resources Handbook (final version approved for publication)
2. Extractive Industries Audit Guideline (final version approved for publication)
3. Guidance on SDGs (exposure draft approved)
4. The PFM Reporting Framework tool (reviewed)

The Technical Committee had the task to finalise the documents for publication as either an exposure draft or the final guidance.

- *110 delegates attend 2019 Strategic Review*
- *25 board members participated in the 16th Governing Board meeting*
- *1 new technical guidance by Technical Committee*

- *1 new exposure draft guideline finalised by Technical Committee*
- *12 INTOSAI bodies we contributed to*
- *2 new Memorandums of Understanding*

“ *The whole point of collaboration is that you give and take from each other, and that’s how you create things that are totally new. – Virgil Abloh* ”

Stakeholder engagements

International Organisation of Supreme Audit Institutions (INTOSAI)

To provide our members with the most up to date guidance on technical developments within the global public sector auditing environment, we actively participate in several INTOSAI committees, task forces and working groups. These include:

- The Forum for INTOSAI Professional Pronouncements (FIPP)
- 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)
- The Capacity Building Committee (CBC)
- The INTOSAI Task Force on Auditor Professionalisation
- The Compliance Audit Subcommittee (CAS)
- Working Group on Extractive Industries (WGEI)
- Working Group on SDGs and Key National Indicators (WGKNI)

Highlights of our participation in 2019 include:

- Attendance of the INTOSAI Congress for Supreme Audit Institutions (2019 INCOSAI), which took place in Moscow. We also participated in several side-events during the INCOSAI. Amongst them, a meeting we coordinated with the GIZ on the audit of donor funds. The meeting included a panel discussion on the increased use of in-country systems by donor agencies. Several members of the INTOSAI Donor Steering Committee and Heads of SAIs participated. Participants

resolved at the meeting that there is a need for donor agencies to engage the services of SAIs. We have since made strides to operationalise the memorandum of understanding with the Global Fund, and to strengthen increase the capacity of our members to audit in-country donor funds.

- Josephine Mukomba, supported by Edmond Shoko, is a member of the Forum for INTOSAI Professional Pronouncements (FIPP). She is the liaison officer for the development of the new INTOSAI GUID 4900 on Compliance Audit Guidelines and the shadow liaison officer on the INTOSAI Strategic Development Plan 2.3 on Combined audits. Through her contribution GUID 4900 is currently at the approval stage of the FIPP due process and will soon be adopted as an INTOSAI GUID.



- We had the opportunity at the annual WGEA meeting to share the outcomes of our cooperative audit on coastal and marine environments emphasising:
 - the importance of cooperative audits to assess measures in environmental protection and sustainable utilisation of coastal area.
 - that auditors need to understand the national development frameworks, the domestication of Agenda 2030 (Sustainable Development Goals) and the related global commitments so that SAIs efficiently contribute to their implementation.
- We participated in the INTOSAI CBC meeting in Tokyo as well as the meeting of INTOSAI's global bodies and regions, hosted by SAI South Africa. We participated in the roundtable discussions to deliberate issues and coordinate efforts on matters that affect and could benefit all members (including amongst others, SAI professionalisation and supporting SAI independence with the help of donors). More than 50 representatives from all INTOSAI regions, all INTOSAI Goal Chairs, the Policy, Finance and Administration Committee, the INTOSAI-Donor Cooperation, the General Secretariat, the IDI, the INTOSAI Journal and the INTOSAI Chair attended the meeting.
- We led a panel discussion at the triennial WGEI meeting in the Philippines. The discussion centred on Beneficial Ownership, with panellists from SAI Qatar, EITI Philippines, the World Bank and the Bureau of Mines and Geoscience Philippines. Participants resolved that SAIs need to do more complex audits in this area to bolster the fight against Illicit Financial Flows.
- We were actively involved with the Financial Audit and Accounting Subcommittee (FAAS) efforts to develop the new ISSAI 200 and review of the INTOSAI practice notes. We've also strongly advocated for the inclusion of more of our member SAIs as full members of the subcommittee. As a result, the FAAS has agreed to hold

a meeting in Uganda for the first time. This will provide an excellent opportunity for our members to highlight their advancements in using our Financial Audit Manual to implement financial and compliance audit standards.

- We participated in the AFROSAI Task forces working on the Statutes and new Strategic Plan.

Memorandums of Understanding and collaborative agreements

- At the 13th ARABOSAI general assembly we signed an agreement to extend our partnership. The ARABOSAI General Secretariat conducted a mid-term review internally to get a view on the results stemming from the first MoU and derive concrete, executable recommendations in terms of programme design and implementation processes to ensure sustainability of the outcomes. Building on the positive impact generated by the cooperation project, ARABOSAI and AFROSAI-E agreed to extend the project's timeframe for another three years. In line with this agreement a training workshop on the Sustainable Development Goals (SDGs) in Tunisia was held. Ten SAIs from the ARABOSAI region participated namely, Jordan, Tunisia, Algeria, Iraq, Qatar, Morocco, Kingdom of Saudi Arabia, Egypt, Oman and Libya.
- We signed a MoU with the African Peer Review Mechanism. Through this agreement we can collaborate and share knowledge and good practices with the APRM on in the development and implementation of performance measurement and monitoring frameworks /mechanisms within our respective responsibility areas.
- We also signed an MoU with the Association of Certified Fraud Examiners (ACFE) to further support capacity building of regional auditors in the areas of fraud and corruption.
- We have a memorandum of understanding with the Global Fund Secretariat and the Office of the Inspector general (OIG) of the Global Fund. Through this collaborative agreement we've capacitated SAIs

to become more relevant to the donor community in a manner that benefits the citizens of their countries. The desired outcome is to establish SAIs as permanent features of the assurance models of the various donors operating in their countries. Through the MoU with the Global fund we have managed to increase capacity building and collaboration between donors in the health sector and our member SAIs.

- AFROSAI-E continues to assist SAIs to conduct IT & IT Audit self-assessments (ITSA & ITASA), which enables them to develop focused strategies for these areas. We have come to an agreement with the EUROSAI Working Group on IT to collaborate on conducting these self-assessments at SAIs from both regions. The EUROSAI Working Group developed the self-assessment methodologies, and we believe this will be a mutually beneficial opportunity for our regional trained moderators to exchange experiences. We participated in a joint moderation team for the ITASA at the SAI of Turkey in November 2019

Other key engagements

- We actively promoted the African Professionalisation Initiative (API) at the CREFIAF General Assembly, the ESAAG Annual Conference and the PAFA African Congress of Accountants.
- We held a training session for the Pan African Parliament (PAP) Committee on Audit & Public Accounts and The Committee on Monetary & Financial Affairs. Key training topics included
 - Performance audit and accountability in the public sector
 - Sustainability Assurance: SDGs and Agenda 2063
 - Effective communication for oversight and accountability
 - PFM Reporting Framework – A game changer in the audit of public accounts
 - Extractive industries and the link to illicit financial flows

The training resulted in the passing of resolutions on Managing Debt and Fighting Corruption (PAP.5/PLN/RES/4/OCT.19) by the 3rd Ordinary Session of the Fifth Parliament in October 2019. The impact of this document may prove to be significant as it includes resolutions to:

- ENGAGE with the African National and Regional Parliaments for full deployment of their legislative mandates to enact or revise national policies and legislations relating to the fight against corruption, including through ensuring non-conviction-based asset forfeiture and that criminal law shifts the burden of proof from the prosecutor to the accused in cases of corruption and IFFs.
- ALSO ENGAGE with the African National and Regional Parliaments for the effective exercise of their oversight, legislative and representative roles to ensure an effective management of sovereign debt and the breaking of the cycle of corruption, particularly through timely tracking and oversight of public and private partnerships and the audit of national sovereign debt, financial flows, revenue and procurement.
- We joined more than 700 experts and delegates of many of the 186 States Parties to the UN Convention against Corruption (UNCAC) and over 200 civil society observers for the 8th session of the UNCAC Conference of States Parties (CoSP8) in Abu Dhabi. This engagement forms part of our efforts to collaborate with other institutions to fight fraud and corruption.





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.

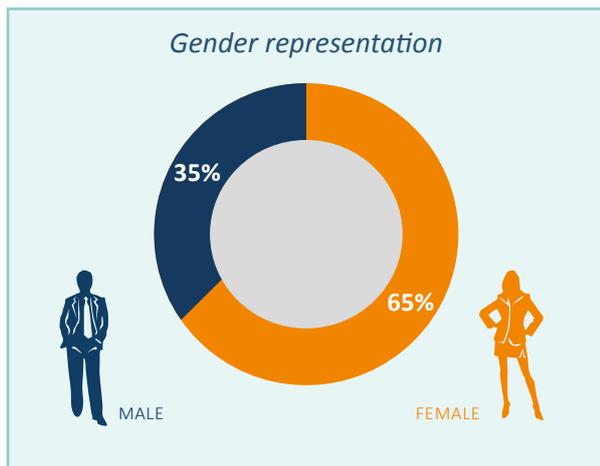
Our staff compliment grew to 23 employees in 2019. We welcomed Neo Hlatshwayo as the new Manager: Professionalisation and Cynthia Mangaba, formerly the PAP-APP Programme Manager at the Secretariat, in the new position of Manager: Monitoring and Evaluation. Josephine Mukomba was appointed in an acting capacity in the newly established second Executive Officer role.

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 from AFROSAI-E basket funding.

We introduced an updated policy on the Code of Ethics and all staff annually sign an ethics declaration. We also adopted an Hours of Work Policy.

Safeguarding our human capital and investing in the development of our staff, is a priority for the Secretariat. We implemented health and safety procedures in the office and held briefings to ensure all staff are aware of the occupational health and safety laws and regulations.

In support of continued professional development, we provide financial support to staff for educational assistance. This was further intended to upskill staff for activities in support of the achievement of the Strategic Plan 2020 – 2024. We also held a writing skills training workshop for all technical managers, and we updated the job profiles of all staff, aligned to the Integrated Competency Framework



Staff	Number	Secondment / Contract Period
AGSA	9	December 2022
Contracted directly	9	December 2022
Uganda	1	December 2022
Zambia	1	December 2022
OAG Norway	1	December 2020
SNAO	1	August 2020
IDI	1	February 2021
Total	23	

SAI ZAMBIA COMPLIANCE AUDIT ON EXTRACTIVE INDUSTRIES MAKES WAVES



SUCCESS STORIES 4

Zambia's primary mineral resource extracted by mining companies is copper. Other known mineral reserves include cobalt, zinc, lead, uranium, coal, limestone, gold, emeralds and diamonds. There is also oil and gas exploration.

Extractive industries have been a dominant sector in Zambia for almost a century. Through taxes, socio-economic infrastructural development, employment creation and the provision of education and health services, the sector is the largest contributor to the development and growth of the Zambian economy.

Throughout the last decade, several new mines were opened which has raised considerable interest, particularly in relation to their contribution towards economic growth and poverty alleviation. The sector contributes about 32% government revenue collections and is therefore of critical importance to the Office of the Auditor General of Zambia (OAG).

AFROSAI-E formulated its first guideline on the audit of the extractive industries in 2013, with the support of development partners and SAIs in the region. Through the years SAI Zambia has received support from AFROSAI-E and peer SAIs to:

- strengthen their core skills and knowledge of compliance and financial audit.
- deepen their understanding of the extractive industries governance arrangements, legal framework, contracts and agreements.
- enhance technical skills on how to audit complex tax systems and royalties, value natural resources, assess environmental risk and assess risks along the extractive industries value chain using the AFROSAI-E Extractive Industries Value Chain Model.

The SAI made great strides to use the support and training interventions to build their capacity. The result has been the publication of several pivotal reports, which had significant ripple effects within the public sector of Zambia.

One such report is the Compliance Audit Report on the illegal exportation of minerals, published in 2019. The report received the much-needed attention by the Government, media and the citizens. The Parliamentarian Committee on National Economy, Trade and Labour Matters, deliberated on the report and summoned all stakeholders in the sector to appear with their submissions. The Committee then submitted the report to the main Parliamentarian House for further deliberation. It is expected that the amendments to the law governing the awarding of the mining rights will change as a result.

Why did this report create such waves?

The illegal export of minerals raises a lot of questions on the significant revenue loss the government incurs because no one is effectively monitoring the activities. The SAI found that nine mining exploration right holders exported minerals before obtaining licences. This was a clear contravention of the law. They further found that some mining right holders exported mineral elements not allowed by their permit and that the Ministry of Mines did not take punitive action on non-compliant mining right holders. The report highlighted the fact that the Zambian Government was losing much needed revenue, and this made the report both highly relevant and effective.

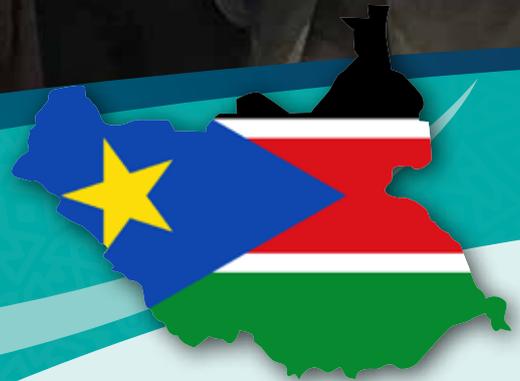
Conducting extractive industries audits has not been without its challenges. Some of the setbacks the SAI experienced, which are common in other SAIs, include

- insufficient funding to enable the auditors increase the audit scope
- gaps in technical knowledge and skills in auditing some activities in the value chain
- not enough auditors to conduct these types of audits
- difficulty to access information as most of the mines are private
- the complex nature of the extractive industries sector

SAI Zambia has proven however that with support from top management and dedicated staff, SAIs are more than capable to meet these challenges. SAI participants in the AFROSAI-E Regional Workshop on the Audit of Extractive Industries commented that support from AFROSAI-E has been enlightening and motivating. The regional training workshops bring many participants with a wide range of different experiences and knowledge to share with each other. This enables participants to learn a lot from others and apply the acquired knowledge and skills in their work.

Currently the SAI deploys revenue auditors to conduct audits in the extractive industries. But the SAI is in the process of considering the establishment of a dedicated team who will focus on extractive industries audits. Such a team would include a diverse range of technical skills such knowledge of the oil and gas industry, accounting, legislation, geology and mining engineering.

SAI SOUTH SUDAN STRENGTHENS INSTITUTIONAL CAPACITY



SUCCESS STORIES 5

South Sudan, officially the Republic of South Sudan and previously known as Southern Sudan, is a landlocked country in east-central Africa. Its current capital is Juba, also the largest city. South Sudan gained independence from the Republic of the Sudan on 9 July 2011, following 98.83% support for independence in a January 2011 referendum. It has suffered ethnic violence and endured a civil war from 2013 until February 22, 2020, when South Sudan rivals Salva Kiir and Riek Machar struck a unity deal and formed a coalition government. The Southern Sudan Legislative Assembly ratified a transitional constitution shortly before independence. The constitution was signed by the President of South Sudan on Independence Day and thereby came into force. It is now the supreme law of the land, superseding the Interim Constitution of 2005.

The National Audit Chamber (NAC) was established by the Transitional Constitution in 2011. As the Supreme Audit Institution, it.

Recognising the capacity challenges they were confronted with, the National Audit Chamber of South Sudan, the INTOSAI Development Initiative (IDI) and AFROSAI-E, signed a cooperation agreement for the period May 2017 to April 2020. The aim of the agreement is to support the SAI to implement key strategic “is mandated to ensure public accountability of public bodies and institutions and provide independent assurance to the President and Legislative Assembly that the executive, judiciary, states, local governments, independent commissions. All public institutions in the Republic of South Sudan are subject to supervision of their financial management and to periodic independent audit” priorities during this period, especially in the areas of auditing, stakeholder relations and planning, quality control and reporting. The Royal Norwegian Embassy in Juba supports the project with financial assistance for three years, while SAI Kenya and SAI Norway provide in-kind resource persons.

Given the political and socio-economic environment in South Sudan, the targets for this initiative were quite ambitious. One of the targets was 50% of “project supported audit reports finalised and reported to the President and Parliament by NAC”. Unfortunately, the Parliament has not convened in the last three years, which is a proviso in achieving this target. Despite this obvious challenge, the NAC has made significant progress. According to the ICBF data collected over the years, prior to 2017 the NAC was conducting backlog audits only, however in 2017 they managed to complete 47 regularity audits, 60 in 2018 and 45 in 2019. In 2019 the SAI completed its first performance audit report. This could not have been achieved without a concerted effort in strengthening the institutional framework of the organisation. With the support of experts from AFROSAI-E and IDI, the programme put measures in place to strengthen the audit management team and the SAIs HR systems and processes. This was done through a customised Management Development Programme (MDP) in 2018, involving 16 managers. This included leadership development, HR and both internal and external communication capacity building.

This initiative led NAC to revise their strategic plan, develop an operational plan and develop an improved annual audit plan. The NAC has also developed a stakeholder engagement strategy and a human resource management strategy. According to the SAI, “the customised MDP has given the majority of NAC managers strengthened management awareness in general, which has increased their ability to successfully use and implement the plans.”

The Strategic Plan 2019-2024 was a major achievement by NAC and got positive support from stakeholders when launched, while the NAC human resource management strategy was recognised as the 4th best HR strategy in AFROSAI-E in 2019. It remains to be seen how these strategies will be implemented going forward, but with such tenacity displayed by the South Sudan staff, the outlook is optimistic.

2. <http://www.audit-chamber-ss.org/>

10. RISKS AND SUSTAINABILITY

Addressing AFROSAI-E risks

In May 2019, the Governing Board’s Audit Sub-committee, as part of a best practice governance review with the external auditors, requested the secretariat to introduce an internal audit function. They also asked that the Audit Sub-committee convenes for at least two additional meetings during the year to address audit related issues such as the review of audit reports, audit planning and risk management.

SAI Malawi volunteered to assist the secretariat by making specialists available to establish the internal audit function. After careful consideration by the Audit Sub-committee members, they were subsequently appointed as internal auditors for the period 2020 to 2022. The team conducted the inception assignment with three main objectives:

- develop an internal audit charter.
- assess of the current risk management framework.
- develop a risk-based internal audit plan for the three-year period of the appointment.

The team met these objectives and the Secretariat now has the responsibility to action those.

Throughout the 2015 – 2019 corporate plan period the Secretariat monitored its risks, the most notable being:

- financial sustainability,
- capacity to meet SAI requirements and
- interventions resulting in outcomes at a SAI level.

Those remain a priority and we’ve built them into our 2020 – 2024 Strategic Plan.

Our environmental impact and mitigation measures

The increased demand for training activities, in-country interventions and meetings has resulted in a continued increase of secretariat staff and regional resources traveling.

Our carbon footprint on flights for 2019 was:

Number of flights *	Carbon Footprint
1312	341.4 Co ² Metric Ton

** Statistics limited to flights booked through our travel agent and excludes flights booked by SAIs directly.*

The nature of our operations requires a substantial amount of travel annually to achieve our strategic objectives. However, we have begun to invest more resources in developing our online learning platform (ALP) to reach more SAI staff without increasing the travel requirements.

11. FINANCIAL OVERVIEW OF 2019

The financial results compared to the budget for 2019 that the Governing Board approved in May, is outlined in Table 1 below. These financial results are presented in South African Rand (ZAR) which is a departure from previous reporting in United States Dollars (USD). The main reason for the change in presentation is to eliminate the effect of currency fluctuations.

Revenue

The budgeted funding for 2019 had increased from 2018 by almost 25% because of:

- an additional grant made by SIDA for 2019 received in late 2018.
- an increase in projects income from R4.1 million in 2018 to R7.7 million in 2019. These were for projects conducted at SAI level in accordance with specific contractual agreements. These projects contribute directly to the achievement of AFROSAI-E objectives because the scope relates to the implementation of methodologies and hands-on-training of SAI teams.
- Funding pledged from IFAC for the development of the curriculum for public sector accountants and auditors. This was subsequently spread over 2019 and 2020 and is the main reason for the large variance of actual revenue versus budgeted revenue.

Prior surpluses that had been retained for funding future operations were not utilised in the current year and are available for carry-over to the Workplan activities in 2020.

We recognise that the achievement of our objectives would not be possible without the support of donors who contributed 53% of 2019 total funding and AGSA as the host SAI of the secretariat that contributed 27% of funding. We are grateful for the support.

Expenditure

The most notable variance on expenditure was the spreading of the Professionalisation curriculum development project with IFAC over two years – as outlined above. The income would be a direct reimbursement for expenditure incurred. A downstream project which involves using the curriculum mentioned above for a public sector specialisation programme for accountants trained in the private sector, was also postponed to 2020/2021.

We implemented 255 of the 279 activities planned for 2019, with the addition of nine other unplanned activities. The postponement or cancellation of events coupled with cost efficiencies on events resulted in an underspending on most expense line items.

The large underspend on Strategic Imperative 3 was because of the replacement of the Train-the-Trainer (ToT) Champions programme with a 3rd ToT Masterclass in 2020. We also postponed the next phase of the Senior Leadership Development Programme to 2020 to allow enough time to revisit the material in line with the ToT principles and develop an evaluation system.

In preparation for the start of the 2020 to 2024 Strategic Plan, we invested in several systems and processes to support its achievement. Most notably, we further developed our Learning Management System to streamline our distance learning initiatives. We established a monitoring and evaluation function and we invested in the professional development of our staff by providing financial support to staff for educational assistance.

In-country SAI projects with funded cost recoveries conducted in the year include SAI Liberia IT capacity building (EU funded); Rwanda quality reviews and capacity building (government funded); Nigeria capacity building (DFID funded); and Ethiopia quality assurance review (government funded).

Institutional partners, donors and member SAIs support the executive secretariat by providing resources who assist in the fulfilment and execution of activities and initiatives in the annual Workplan. The indicative cost of resources from member SAIs is determined by using an estimated rate for the 1 094 resource days (2018: 778 days) provided. The estimated value is ZAR 8 567 960 for 2019 (2018: ZAR 5 841 440).

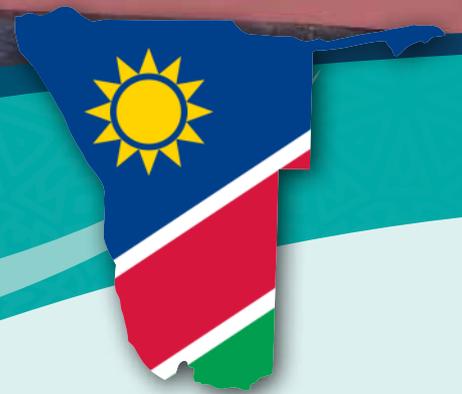
Our Institutional partners also support the Executive Secretariat with human capacity to execute activities in the annual work plan. These contributions are not included in the annual financial statements. These contributions amounted to ZAR 8 683 822 (2018: ZAR 9 258 174) from the Swedish National Audit office; ZAR 5 872 370 (2018: ZAR 4 266 632) from the Office of the Auditor General of Norway and ZAR 4 467 414 (2018: ZAR 7 163 096) from GIZ.

We also recognise that our member SAIs make a substantial investment in their own development by sending staff for AFROSAI-E training activities. We estimate that our member-SAIs invested close to ZAR 13 807 212 in 2019 to fund staff participation in AFROSAI-E activities, thereby demonstrating their commitment to building their own capacity. This indicative investment was calculated using an average cost of travel, accommodation and subsistence per country, for delegates that travelled elsewhere for training.

Table 1: Comparison of actual and planned revenue & expenditure for 2019

	%	2019 Actual (ZAR)	%	2019 Budget (ZAR)
Membership fees	4%	2 172 005	4%	2 172 006
Donor funds	53%	28 087 855	50%	28 219 908
- Royal Norwegian Embassy (South Africa)		4 866 899		4 500 000
- SIDA		14 836 338		15 133 908
- Swedish National Audit Office		8 384 618		8 586 000
Projects income	15%	7 702 289	21%	11 592 945
Support from AGSA	27%	14 223 143	25%	13 938 529
Other income	1%	426 073	0%	260 000
Total Revenue	100%	52 611 365	100%	56 183 388
Secretariat remuneration	42%	22 050 942	34%	22 747 326
Overhead expenditure	15%	7 686 942	11%	7 447 360
Project expenditure	43%	22 561 218	55%	36 664 157
- Professionalisation (SI1)		2 116 376		10 270 498
- Being a credible voice (SI2)		918 258		1 845 975
- Capacity development (SI3)		777 728		2 931 241
- Innovation & creativity (SI1)		2 904 578		4 378 000
- Regularity audit (OI1)		6 422 105		7 630 500
- Performance audit (OI2)		3 252 583		3 726 500
- SAI capacity building (OI3)		2 512 621		2 618 693
- Secretariat projects and events (OI 4)		3 656 969		3 262 750
Foreign exchange losses	0%	175 003	0%	0
Total Expenditure	100%	52 474 105	100%	66 858 843
Funds carried over from 2018				11 039 659
Surplus for the year		137 260		364 204

SAI NAMIBIA IMPLEMENTS INFORMATION SYSTEMS AUDITING FOR HIGH IMPACT REPORTS



SUCCESS STORIES 6

In Namibia, there has been a steady increase in the focus of using information and communication technology to improve the delivery of public services. In 2015, the second national Information, Communication and Technology (ICT) summit was to pave the way for Namibia's commitment to bridging the digital gap and creating a knowledge-based society.

As government systems grow more complex with the introduction of ICT into their operations, the Office of the Auditor General of Namibia realised that their current practices needed to adapt to this change in the national focus. To remain relevant, they had to start implementing Information Systems (IS) Audits.

Fully embracing this challenge, the SAI began to actively participate in AFROSAI-E initiatives, including the IT Audit Champions Programme and conducted study tours to peer SAIs. The SAI was one of six SAIs in the region that adopted the newly developed AFROSAI-E IS Audit working papers. The IS Audit team that participated in the Champions programme noted that it was a key milestone to help them set the direction for audits in the different areas in the IT environment. They also expressed gratitude for the ongoing guidance and the open lines of communication to the experts which proved to be valuable to clarify uncertainties in their engagements.

The SAI established a dedicated IT Audit unit with six full time auditors. They have implemented the AFROSAI-E IT Audit Manual and working papers, which has enabled them to remain up to date with all the latest standards. The team has demonstrated an impressive level of analytical thinking in dealing with audit questions, which displays a thorough understanding of the methodology. More than just compliance, they show clear comprehension of why they implement the processes and follow certain procedures.

The office has published its first report that incorporates IT Audit, with another currently in progress. The report garnered stakeholder attention as it brought to light system and security issues that could have led to financial irregularities. Previous financial audits had failed to identify these issues. This served to raise stakeholder awareness on the value of IS audits to manage internal control systems.

The instrumental factors that helped the IS Audit team in SAI Namibia to make this significant progress are:

- the dedication of the team working towards the divisional goals.
- having a performance management system in place.
- having supportive supervisors and colleagues from other departments.
- divisional knowledge of CAATS to dive deep into data stored in databases to help analyse and extract abnormalities.
- open communication and cooperation with AFROSAI-E and the region.

In making these strides to adopt IS Audit, the SAI also experienced challenges. They identified the need to integrate IS Audit with financial auditors so that it's not considered a stand-alone discipline, but rather an integral part of any audit. The IS Audit team acknowledge that they are yet to get to a point where they are fully operating as one team from different audit disciplines during an audit engagement. They also noted that there is a great need to start doing performance IS audits, to address the many systems that entities have procured and implemented, but are not functional. However, they are confident that with continued efforts and dedication, with support from the SAI leadership and AFROSAI-E, they will overcome these challenges.



1.7945

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1.7855

1.7810

1.7765

11.12

19.00

05.14



FINANCIAL STATEMENTS

for the year ended 31 December 2019

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

GOVERNING BOARD'S RESPONSIBILITIES AND APPROVAL

The Governing Board is required by the Statutes of the AFROSAI-E, 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, in conformity with the International Financial Reporting Standards for small and medium size entities. The external auditor is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standards for small and medium size entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Governing Board acknowledge that they are ultimately responsible for the system of internal financial control established by the AFROSAI-E and place considerable importance on maintaining a strong control environment. To enable the Governing Board to meet these responsibilities, the Governing Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the AFROSAI-E and all employees are required to maintain the highest ethical standards in ensuring the AFROSAI-E's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the AFROSAI-E is on identifying, assessing, managing and monitoring all known forms of risk across the AFROSAI-E. While operating risk cannot be fully eliminated, the AFROSAI-E endeavours to minimise it by ensuring that 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 have reviewed the AFROSAI-E's cash flow forecast in 2020 and, in the light of this review and the current financial position, they are satisfied that the AFROSAI-E has or has access to adequate resources to continue in operational existence for the foreseeable future.

In terms of the Statutes and Regulations these financial statements are signed on behalf of the Governing Board by the Head of the Supreme Audit Institution (SAI) 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 AFROSAI-E's external auditors and their report is presented on page 67 to 70.

The financial statements set out on pages 71 to 89, which have been prepared on the going concern basis, were approved by the Governing Board on 15 May 2020 and were signed on its behalf by:

By Order of the Board



Ms MMR Nkai

Chief Executive Officer

on behalf of the Governing Board



Mr K Makwetu

Auditor-General of South Africa

on behalf of the Governing Board in his capacity as head of the SAI hosting the Secretariat

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BOARD MEMBERS OF THE AFRICAN ORGANISATION OF ENGLISH-SPEAKING SUPREME



Opinion

We have audited the financial statements of the African Organisation of English Speaking Supreme Audit Institutions (AFROSAI-E) set out on pages 71 to 89, which comprise the statement of financial position as at 31 December 2019, 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 the African Organisation of English Speaking Supreme Audit Institutions (AFROSAI-E) as at 31 December 2019, 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 the 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 sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. 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 information included in the document titled “the African Organisation of English Speaking Supreme Audit Institutions (AFROSAI-E) Annual Financial Statements for the year ended 31 December 2019”, which includes the Governing Board’s Report as required by the Statutes and Regulations of the 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 the 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

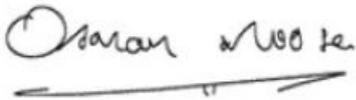
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect 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
Chartered Accountants (SA)

Per: Osman Moosa CA(SA)

Director

Registered Auditor

15 May 2020

Pretoria

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

GOVERNING BOARD'S REPORT

1. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Statutes of the AFROSAI-E. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

2. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the AFROSAI-E or in the policy regarding their use.

At 31 December 2019 the AFROSAI-E's investment in property, plant and equipment amounted to a cost of R1 919 390 (2018 : R1 970 450), of which R128 155 (2018 : R121 262) was added in the current year through additions. The carrying value of the investment in property, plant and equipment is R597 352 (2018 : R858 707).

3. Events after the reporting period

The Governing Board is not aware of any material event which occurred after the reporting date and up to the date of this report.

4. Going concern

The Governing Board believes that the AFROSAI-E has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The Governing Board have satisfied themselves that the AFROSAI-E is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Governing Board is not aware of any new material changes that may adversely impact the AFROSAI-E. The Governing Board is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the AFROSAI-E.

5. Auditors

The O.M.A Chartered Accountants Incorporated contract with the AFROSAI-E as independent external auditors was for a period of 5 years from 2015 to 2019. The Governing Board is yet to finalise the appointment of the new external auditors for the period 2020 onwards.

STATEMENT OF FINANCIAL POSITION

	Notes	2019	2018
		R'	R'
ASSETS			
Non-Current Assets			
Property, plant and equipment	2	597 352	858 707
Current Assets			
Trade and other receivables	4	5 678 515	5 456 840
Cash and cash equivalents	5	13 106 004	21 417 273
		18 784 519	26 874 113
Total Assets		19 381 871	27 732 820
RESERVES AND LIABILITIES			
Reserves			
Reserves		3 545 512	2 847 450
Retained income		10 720 661	11 235 003
		14 266 173	14 082 453
LIABILITIES			
Current Liabilities			
Trade and other payables	6	3 468 586	2 032 044
Deferred income	8	1 647 112	11 618 323
		5 115 698	13 650 367
Total Reserves and Liabilities		19 381 871	27 732 820

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

STATEMENT OF COMPREHENSIVE INCOME

		2019	2018
	Notes	R'	R'
Revenue	10	52 185 292	46 262 201
Other income		132 177	440 020
Operating expenses		(52 474 105)	(43 317 797)
Operating (loss) profit	11	(156 636)	3 384 424
Investment revenue		293 896	142 583
Surplus for the year		137 260	3 527 007
Other comprehensive income		-	-
Total comprehensive income for the year		137 260	3 527 007

STATEMENT OF CHANGES IN EQUITY

	Foreign currency translation reserve	Distributable reserve (insurance)	AFROSAI-E Membership fees	Retained income	Total reserves
	R'	R'	R'	R'	R'
Balance at 01 January 2018	411 260	57 713	2 230 807	8 264 314	10 964 094
Profit for the year	-	-	-	3 527 007	3 527 007
Other comprehensive income	(454 819)	46 171	-	-	(408 648)
Total comprehensive income for the year	(454 819)	46 171	-	3 527 007	3 118 359
Transfer between reserves	-	-	556 318	(556 318)	-
Total changes	-	-	556 318	(556 318)	-
Balance at 01 January 2019	(43 559)	103 884	2 787 125	11 235 003	14 082 453
Profit for the year	-	-	-	137 260	137 260
Other comprehensive income	290	46 170	-	-	46 460
Total comprehensive income for the year	290	46 170	-	137 260	183 720
Transfer between reserves	-	-	651 602	(651 602)	-
Total changes	-	-	651 602	(651 602)	-
Balance at 31 December 2019	(43 269)	150 054	3 438 727	10 720 661	14 266 173

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

STATEMENT OF CASH FLOWS

		2019	2018
	Notes	R'	R'
Cash flows from operating activities			
Cash (used in) generated from operations	13	(8 523 472)	13 407 325
Interest income		293 896	142 583
Distributable reserve (insurance)		46 170	46 170
Foreign currency translation reserves		290	(454 816)
Net cash from operating activities		(8 183 116)	13 141 262
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(128 155)	(121 262)
Total cash movement for the year		(8 311 269)	13 020 000
Cash at the beginning of the year		21 417 273	8 397 273
Total cash at end of the year	5	13 106 004	21 417 273

ACCOUNTING POLICIES

1. Presentation of financial statements

The financial statements have been prepared in accordance with the International Financial Reporting Standards for small and medium size entity, 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 South African Rands.

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 has been amended from United States Dollars (US\$) to South African Rands (ZAR) in order to reduce the effect of currency translations on the reserves of the organisation.

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and have significantly different patterns of consumption of economic benefits is depreciated separately over its useful life.

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

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment 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

The residual value, depreciation method and useful life of each asset are renewed only when there is an indication that there has been a significant change from the previous estimate.

Assets including intangible assets with a cost price of less than USD 500, are fully expensed in the year it is brought into use.

1.4 Intangible assets

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.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

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

Item	Useful life
Computer software	2 years

ACCOUNTING POLICIES (CONTINUED)

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 it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Membership fees

Revenue from membership fees is recognised when fees become due.

Donor funding

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

Donor funding with no conditions attached is recognised in 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.

Project costs recoveries

Project Cost Recoveries are accounted for through the Statement of Financial Position and the Statement of Comprehensive Income.

Project cost recoveries are recognised in the Statement of Comprehensive Income once all attached conditions have been 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

	2019			2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Motor vehicles	564 197	(439 198)	124 999	564 197	(380 157)	184 040
Office equipment	814 370	(469 467)	344 903	819 929	(347 751)	472 178
IT equipment	540 823	(413 373)	127 450	586 324	(383 835)	202 489
Total	1 919 390	(1 322 038)	597 352	1 970 450	(1 111 743)	858 707

Reconciliation of property, plant and equipment-2019

	Opening balance	Additions	Disposals	Depreciation	Total
Motor vehicles	184 040	-	-	(59 041)	124 999
Office equipment	472 178	11 444	(1 651)	(137 068)	344 903
IT equipment	202 489	116 711	(12 692)	(179 058)	127 450
Total	858 707	128 155	(14 343)	(375 167)	597 352

Reconciliation of property, plant and equipment-2018

	Opening balance	Additions	Disposals	Depreciation	Total
Motor vehicles	274 853	-	-	(90 813)	184 040
Office equipment	575 722	36 831	(8 087)	(132 288)	472 178
IT equipment	355 079	84 431	(11 036)	(225 985)	202 489
Total	1 205 654	121 262	(19 123)	(449 086)	858 707

3. Intangible assets

	2019			2018		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	-	-	-	7 820	(7 820)	-

4. Trade and other receivables

	2019	2018
	R'	R'
Trade receivables	2 600 297	3 464 903
Prepayments	2 422 311	1 137 652
SAI Foreign Receivables	506 001	635 381
Expense recoveries due from partners	149 906	218 904
	5 678 515	5 456 840

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Trade and other receivables past due but not impaired

At 31 December 2019, trade and other receivables amounting to R506 001 (2018: R635 381) were past due but not impaired. The ageing of amounts past due but not impaired is as follows:

	2019	2018
	R'	R'
SAI Angola	213 384	109 484
SAI Ethiopia	-	47 912
SAI Ghana	107 806	-
SAI Liberia	-	26 969
SAI Nigeria	-	224 061
SAI Somalia	-	47 912
SAI South Sudan	184 811	127 765
SAI Zambia	-	3 366
SAI Zimbabwe	-	47 912
	506 001	635 381

The US Dollar equivalent of membership fees past due is provided in the supplementary information.

5. Cash and cash equivalents

Cash and cash equivalents consist of:

	2019	2018
	R'	R'
Cash on hand	64 714	14 467
Bank balances	13 041 290	21 402 806
	13 106 004	21 417 273
Basket accounts US		
US Dollar Account	4 528 397	14 861 532
ZAR Current Account	3 682 975	3 450 020
ZAR Call Account	6 469	5 772
Membership accounts		
US Dollar Account	2 701 393	3 061 562
ZAR Investment Account	2 116 656	23 602
Other accounts		
US Dollar Account (IDI)	-	290
US Dollar Account (World Bank)	-	28
ZAR Business Account (Bidvest Bank)	5 400	-
Cash on hand	64 714	14 467
	13 106 004	21 417 273

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Trade and other payables

	2019	2018
	R'	R'
Trade payables	1 627 268	475 290
Accrued leave pay	892 007	728 417
Provision for straight-lining of rental payments	949 311	828 337
	3 468 586	2 032 044

7. Retained income

An amount of USD 44 550 (R651 602) which is (30%) of membership fees has been retained as per decision taken on 11 October 2004 the Governing Board, and as disclosed in the Statement of Changes in Equity. The amount of USD 103 950 (equivalent to R1 520 400) (70%) was transferred to the USD Donor Account to fund current operations.

8. Deferred income

	2019	2018
	R'	R'
AGSA - Overheads contribution received in advance	1 211 679	1 317 463
SIDA - 2019 support received in advance	-	8 733 908
Membership fees prepaid	413 283	1 005 159
Long term experts advances	22 150	561 793
	1 647 112	11 618 323

8. Deferred income

Breakdown of the prepaid value for the year ended is as follows.

	2019	2018
	R'	R'
SAI Gambia	-	47 912
SAI Lesotho	-	10 151
SAI Mauritius	-	111 795
SAI Sierra Leone	50 823	47 912
SAI South Africa (AGSA)	-	127 765
SAI Sudan	260 814	471 540
SAI Tanzania	-	111 170
SAI Uganda	101 646	76 914
	413 283	1 005 159

The US Dollar equivalent of prepaid membership fees is provided in the supplementary information.

9. Contribution from the Auditor-General South Africa

	2019	2018
	R'	R'
Secretariat support		
Staff remuneration	8 768 073	8 454 808
Contributions towards other expenses	5 861 747	4 208 311
	14 629 820	12 663 119

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Revenue

	2019	2018
	R'	R'
Donor contributions	43 361 657	41 278 719
Membership fees	2 172 005	1 854 394
Project income	6 651 630	3 129 088
	52 185 292	46 262 201
Donor Contributions were received as follows:		
- Royal Norwegian Embassy (South Africa)	4 866 899	9 767 228
- SIDA	14 836 338	8 419 610
- Swedish National Audit Office	8 384 618	7 351 897
- GIZ (German Development Cooperation)	-	729 360
Support from INTOSAI Development Initiative (IDI)	1 050 659	980 367
Support from Auditor General South Africa (AGSA)	14 223 143	14 030 257
	43 361 657	41 278 719

Project income has been reclassified from "Other income" to Revenue (refer to note 15).

11. Operating (loss) profit

Operating (loss) profit for the year is stated after accounting for the following:

	2019	2018
	R'	R'
Operating lease charges		
Premises		
- Contractual amounts	2 592 767	2 395 595
- Straight-lining of rental payments	120 976	318 147
	2 713 743	2 713 742
Loss on disposal of property, plant and equipment	14 342	19 124
Loss (profit) on exchange differences	175 003	(317 634)
Depreciation on property, plant and equipment	375 166	449 086

12. Auditor's remuneration

	2019	2018
	R'	R'
Annual audit fees	132 179	138 552
Ad-hoc expenses verification assignments	42 143	-
	174 322	138 552

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Cash (used in) generated from operations

	2019	2018
	R'	R'
Profit before taxation	137 260	3 527 007
Adjustments for:		
Depreciation and amortisation	375 166	449 086
Loss on disposal of assets	14 342	19 124
Interest received	(293 896)	(142 583)
Changes in working capital:		
Trade and other receivables	(221 675)	(391 417)
Trade and other payables	1 436 542	207 363
Deferred income	(9 971 211)	9 738 745
	(8 523 472)	13 407 325

14. Commitments

	2019	2018
	R'	R'
Operating leases- as lessee (expense)		
Minimum lease payments due (Straight-lined Expense)		
- within one year	2 713 743	2 713 742
- in second to fifth year inclusive	5 427 487	8 141 230
	8 141 230	10 854 972

Operating lease payments represent rentals payable by the organisation for its office property. The full term of the lease is six years ending 31 December 2022. A period of 3 years remains on the lease. No contingent rent is payable.

15. Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. Reclassification has been made to the Statements of Comprehensive Income and related disclosure notes for the prior year ended 31 December 2018, to reclassify Project cost recoveries amounting to R3 219 088 which was previously disclosed as “Other income” as “Revenue”. The reclassification is due to the increase in the number of projects with cost recoveries as well as the value of the transactions. This reclassification does not affect previously reported profit for the year in the Statements of Comprehensive Income.

SUPPLEMENTARY INFORMATION

MEMBERSHIP FEES IN US DOLLARS

		2019	2018
	Notes	USD	USD
Membership fees receivable	4		
At year-end, the following membership fees were past due			
SAI Angola		15 241	7 541
SAI Eritrea		-	3 300
SAI Ghana		7 700	-
SAI Liberia		-	1 858
SAI Nigeria		-	15 432
SAI Somalia		-	3 300
SAI South Sudan		13 200	8 800
SAI Zambia		-	232
SAI Zimbabwe		-	3 300
		36 141	43 763
Prepaid membership fees	8		
Breakdown of the prepaid membership fees is as follows:			
SAI Gambia		-	3 300
SAI Lesotho		-	699
SAI Mauritius		-	7 700
SAI Sierra Leone		3 630	3 300
SAI South Africa (AGSA)		-	8 800
SAI Sudan		18 606	32 478
SAI Tanzania		-	7 657
SAI Uganda		7 260	18 606
		29 496	82 540

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

SUPPLEMENTARY INFORMATION (CONTINUED)

DETAILED INCOME STATEMENT

	Notes	2019	2018
		R	R
Revenue			
Donor contributions		28 087 855	26 268 095
Support from INTOSAI Development Initiative (IDI)		1 050 659	980 367
Support from Auditor General South Africa (AGSA)		14 223 143	14 030 257
Project cost recoveries		6 651 630	3 129 088
Membership fees		2 172 005	1 854 394
	10	52 185 292	46 262 201
Other income			
Interest received		293 896	142 583
Profit on exchange differences		-	317 634
Sundry income (parking recoveries)		132 177	122 386
		426 073	582 604
Operating expenses			
Audit fees	12	(174 322)	(138 552)
Staff remuneration		(22 050 942)	(20 442 337)
Office overheads funded by AGSA, SNAO & basket funded		(7 123 112)	(6 543 463)
Depreciation		(375 165)	(449 086)
Loss on disposal of fixed assets		(14 342)	(19 124)
Foreign exchange differences		(175 003)	-
Expenses related to workplan activities		(22 561 217)	(15 725 237)
- Strategic imperative 1 (Professionalisation)		(2 116 376)	(1 201 549)
- Strategic imperative 2 (Being a credible voice)		(918 258)	(528 258)
- Strategic imperative 3 (Capacity development)		(777 728)	(1 105 614)
- Strategic imperative 4 (Innovation & creativity)		(2 904 578)	(2 184 118)
- Operational intervention 1 (Regularity audit)		(6 422 105)	(4 936 179)
- Operational intervention 2 (Performance audit)		(3 252 583)	(2 352 526)
- Operational intervention 3 (SAI capacity)		(2 512 621)	(857 341)
- Operational intervention 4 (Secretariat)		(3 656 969)	(2 559 652)
		(52 474 105)	(43 317 797)
Profit for the year		137 260	3 527 007

ANNEXURE 1: GRI INDEX

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

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