



BULLETIN

Issue 4 | June 2020



2019 Annual Reports now available



2019 Integrated Annual Report

Our Integrated Annual Report gives a snapshot of our activities and achievements of last year. In addition, we've also included reflections on the outcomes and in some cases the impact, that we've achieved in the region during the 2015 to 2019 Strategic Plan period.

With 254 activities implemented throughout the year, we engaged over 3200 people through training, development, and collaborative interventions. We are pleased to note that more than 41% were female, as we continue to promote gender diversity in the region.

This report also includes several stories that reflect on the successes, achievements and impact achieved at individual SAIs over the last five years.

[Click here to view the report](#)



2019 State of the Region: ICBF Self-Assessment report

It is our great pleasure to present the 2019 State of the Region: ICBF Self-Assessment Report. This report gives an in-depth view of how member SAIs have performed and progressed in terms of the AFROSAI-E Institutional Capacity Building Framework in 2019. The report is based on the results of the ICBF questionnaire that member-SAIs complete annually online.

Our previous strategic plan period concluded at the end of 2019. In this report, we therefore reflect on the 2019 data as well as the overall progress made since 2015. We also include generic information that reflects on the position of the SAIs in the region.

[Click here to view the report](#)



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AFROSAI-E Learning Platform (ALP)

Launch of online course: how to audit government's performance in managing oil and gas contracts

An online course on how to audit government's performance in managing oil and gas contracts has been launched on AFROSAI-E's Learning Platform (ALP). Auditors from SAIs who want to increase or test their knowledge in this field can use this course for free, at their convenience. The online course is in English and will be made available in Arabic and French as well (September 2020).

The online course, developed by the Netherlands Court of Audit (NCA), builds on the insights from a regional cooperation project (2018-2020) involving the Supreme Audit Institutions of Kenya (OAG), Mozambique (TA) and Tanzania (NAOT), with AFROSAI-E as a partner. The regional cooperation project has been funded by the Netherlands Ministry of Foreign Affairs.

The purpose of the regional cooperation project was to further improve the quality of performance auditing in the field of the petroleum sector (gas and oil) and to stimulate further capacity building and knowledge distribution. The NCA supported the audit teams of the three partner SAIs in conducting performance audits in the oil and gas sector. The support included the facilitation of two regional workshops, individual country visits and distance learning. The experience and insights from the project are used in this online course as case material. The project team has been supported by an industry expert throughout the project.

The online course is specifically targeted towards SAI auditors from countries (worldwide) exploring and producing oil and gas. The contracts between the government and the oil company are often called Production Sharing Contracts (PSC). Sometimes a PSC is called a PSA (Production Sharing Agreement) or Exploration and Production Sharing Contract. These are all terms for the same type of document. The information this course provides is especially useful for SAI auditors in countries using a PSC. The online course consists of four modules of about 15 minutes each. The four modules are:

(i) Auditing government's contract management to protect public interest

To understand the typical structure of production sharing contracts for managing the petroleum sector

(ii) The role of SAIs and system-based performance audits in the petroleum sector:

To explain the purpose and key characteristics of the various approaches to performance auditing

(iii) Understand fiscal terms and the importance of controlling petroleum costs

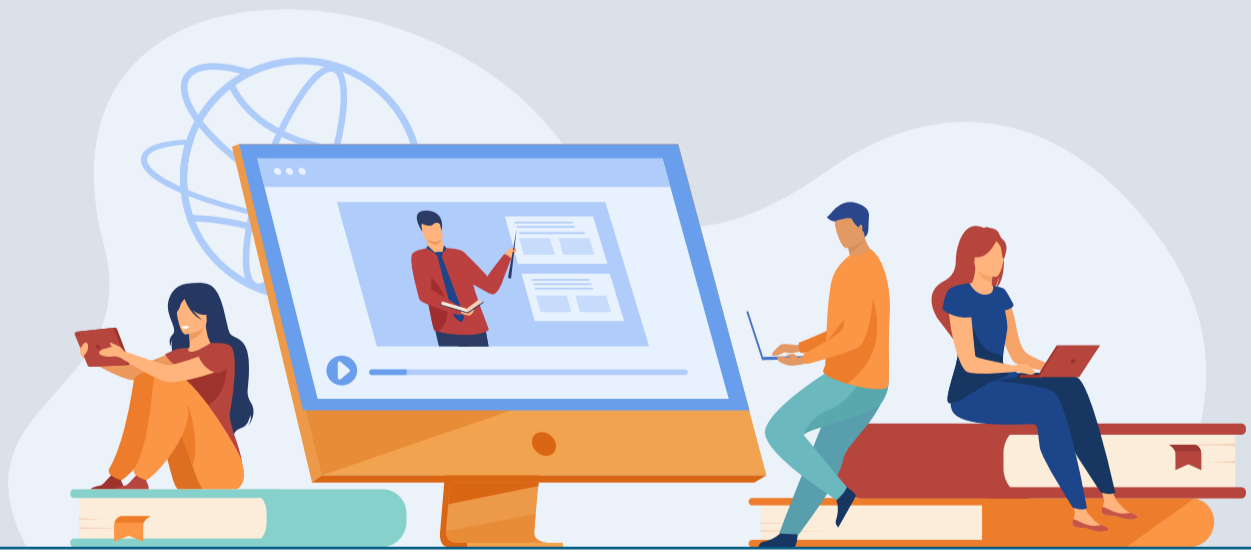
To understand why and how to move beyond compliance auditing in the petroleum sector

(iv) Planning a system-based performance audit on government contract management

To understand different steps in a system-based performance audit in the petroleum sector

These are the steps to access the system:

- Go to www.afrosai-e.org.za and click on the e-learning tab (top right)
- Click on [Register](#) and complete the profile information
- You will receive an email confirming access within 24hrs
- Go back to the e-learning site and log in using the username and password you selected in your profile information
- Enrol for one of the online courses currently available and start learning



Did you use this online course? Feel free to give your comments and experiences on the usefulness of this product by sending an e-mail to Ms. Marike Noordhoek (NCA) on the following email address: m.noordhoek@rekenkamer.nl



Download the Moodle App for easy access.

Queries regarding access to ALP, can be sent to marlise@afrosai-e.org.za





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We are Hiring!



We are looking for a qualified candidate from within the AFROSAI-E region, to appoint as Performance Auditing Manager. The successful applicant will support the Secretariat with implementing performance audit capacity building interventions and initiatives for SAIs in the region.

This position could require extensive international travel and possible relocation to Pretoria, South Africa for the contract period. However, the Secretariat strives for working methods that requires less travel and the development of other kinds of support.

The starting date is 1 October 2020, or a date as mutually agreed upon. [Click here to view the full position advertisement.](#)

Interested?

Preference will be given to persons from AFROSAI-E member countries. Interested persons can email their CVs to Ms Marianna van Niekerk at marianna@afrosai-e.org.za or contact her on +27 814717062 for more information. For questions regarding performance auditing, please contact Joshua Asimwe, joshua@afrosai-e.org.za or +27 719211527.

The closing date for applications is **24 July 2020**.



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AFROSAI-E FAQ Webinar on assessing IT controls in financial audit

On 18 June 2020, AFROSAI-E held its very first webinar on assessing IT controls in financial audit. Financial auditors from all over the region tuned in to ask questions on integrating IT in financial audit and have them answered by their colleagues in Information Systems (IS) audit. The overwhelming consensus is that financial auditors and IS auditors need to integrate better on their assignments, and that financial auditors should have a basic knowledge of IS audit. This integration should start from the SAI overall planning process.

Details of the questions asked and answered given during the webinar are included below:

Aligning Objectives

Q I have noted with a lot of concern that when IT auditors are invited to assist in financial audit there is a variance between their audit objectives and the financial audit objectives, such that it becomes difficult for financial auditor to incorporate their findings in the audit report. How can we solve this?

A The objective in financial audit is to verify that financial statements are without material misstatements. IS audit cannot have a different objective when assisting on a financial audit assignment. The role of the IS auditor is to assess risks to financial statements arising from the use of information systems and design audit procedures that addresses that risk.

ParticipantComment: It is important for financial audit teams to view IS auditors as an integral part of the audit team and involve them in the whole audit procedure from planning and entrance meetings. The IS audit team should always be part of the audit team discussions when planning or reviewing the audit. This helps in aligning the objectives of the two teams.

Financial auditors expanding their skillset

Q We have seen auditors with multiple skills i.e. financial, performance, forensic etc. Would it be feasible to have financial auditors trained to be IS auditors?

ParticipantComment: There is need for financial auditors to be equipped with basic IT knowledge, to interrogate the systems i.e. application and general controls.

A We have seen a trend over the last decade where financial auditors are able to do more of the IT audit work themselves and only request assistance from IS auditors if the IT environment is very complex. As IS audit facilitators, we often find financial auditors easier to train in assessing application controls and general controls, than people with an IT background are. The reason is that you have to be able to understand the impact of automated control failures on financial statements, which is easier for financial auditors.

Q Apart from the IT checklist, what other IT procedures can one develop during combined (financial and IS audit)?

A The IT audit checklist consists of General IT Controls (GITC). They are important because they “protect” the application controls, which are implemented to mitigate inherent risk to the financial statement. If test of controls is your audit strategy, you need to test both application controls and GITCs as they form the system of internal controls along with manual controls. Application controls are specific to a particular financial application; hence, we do not have standard audit procedures to test them. However, when you identify inherent risks, you also identify areas where there should be controls in place to mitigate that risk. Subsequently, if that control does not exist or fails, that is a control failure, whether it be a manual or an automated control.

Q What are the first steps that financial audit can take to start IS audits? Are there any baby steps that can lead to quick wins?

ParticipantComment: Sometimes risks related to information systems may require an IS auditor to perform further procedures to collect evidence that the financial auditor may not be skilled to perform.

A A financial audit can start by mapping a business process and identifying inherent risk and areas where the financial auditor thinks there should be implemented controls to prevent errors. Then, perform a walkthrough at the entity, and when they process transaction in the application, see if you can spot controls that are imbedded in the system. Further, you can attempt some of the procedures from the IT audit checklist. Also remember, when you request assistance from an IS auditor, they are at your disposal, which means that you assign them their tasks. Hence, you can ask them to perform quality control, or to train/shadow you until you have the confidence to conduct IS audit on your own.

Encouraging ISSAI compliance among IS auditors

Q To speak to the concerns raised here, and bearing in mind we have about 300 IT auditors in the region, is it possible to train the IS auditors on the financial and compliance audit methodology so that they are able to appreciate the objectives of a financial audit?

A We encourage all IS auditors to attend FAM/CAM (Financial Audit Manual / Compliance Audit Manual) workshops. We have also initiated efforts to train IS auditors on the Performance Audit Manual, which will enable them to conduct reviews on implementation of large IT projects in government.

Q How do we link ISACA standards with ISSAIs?

A Primarily, we need to comply with the ISSAIs, as they are the authoritative international standards on public sector auditing, and hence ensure quality of the audits conducted. We only look to ISACA to find more detailed guidance on specific IS issues. The principles of the ISACA standards and the ISSAIs are in any case similar. The difference is the ISACA standards give more specific guidance in IS areas.

Q Is it possible to have a standalone IT audits without financial audits?

ParticipantComment: It depends on the objective of the audit, whether statutory or not. Remember audits fall under ISSAI 200, 300 or 400.

A If we want to conduct an audit that is purely IT, we use the compliance or the performance audit standards. These standards allow you to choose a subject matter to investigate, whether it be non-compliance of laws and regulations, or examining the economy, efficiency and effectiveness of public programmes and functions.

Integration challenges

Q There is always a challenge to decide at what point in financial audit to incorporate IT audit, planning (how? when?), execution (how? when?), and/or at reporting stage. Financial auditors seem not to have practical know-how of how to do this, please advise.

A The IS auditors are not a separate team; they should be an integral part of the financial audit assignment. Remember, you have the same objective. Hence, bringing them in at the planning stage is advisable. The IS audit part of the financial audit is testing controls, which is regulated by ISSAI 2315 and ISSAI 2330. These are risk assessment procedures that are done early in the audit.

Q Another issue is documentation of IS audit results in a way that financial auditors can communicate it a language that clients and Legislature can understand. How about addressing report writing for IS audit to ensure it is objective, clear and understandable?

ParticipantComment: Another observation with IS auditors is that their findings in most cases are too many and readers of the report cannot seem to see the actual effect on the financial statements.

A Absolutely, it is critical to be understood when you are reporting material findings. IS audit finding should be reported in a language that is understood by anyone, not just people with a technical background. It is also important to link IS audit findings (automated control failures) to specific misstatements, then you can report the IS audit findings as recommendations on how to strengthen internal control in order to prevent the errors from happening again. If the control failure has not materialised as errors, but there is a high risk of this happening in the future, this should also be reported to the entity.

Q How can one link the results of an IS audit to specific components of financial statements?

A Application controls can be linked to specific components. When you test an application control, you conclude whether it fails or works adequately to mitigate the inherent risk it was designed to prevent. If it works, a financial auditor can place reliance on that control and plan for less substantive testing on that particular component. However, if it fails (or a control mechanism does not exist), we have to do some further digging. Most likely, (if no compensating controls exists) you would turn to data analytics to find out if the control failure has caused misstatements. If it has, you report these misstatements to the entity, and recommend that the root cause of the error, i.e. the control failure should be amended by implementing compensating controls. Conversely, GITCs cannot be linked to a specific component, but could be pervasive to financial statements. We test these to ensure that the application controls we want to place reliance on, work throughout the entire period we are auditing.

Part of the IS audit working papers developed by AFROSAI-E in 2018, include a planning working paper to get specific instructions from financial audit on what the IS auditor needs to look at. Another working paper requires the IS auditor to report back to the financial auditors, including giving them links (where possible) of findings and suggestions for procedures or areas they can look at.

Q The other observation is that the IS auditors will subject a client that does not have a well organised IT function to questions which ordinary should be asked to an entity that has a fully functional IT function.

A If the financial auditor has assessed that the client’s system of internal control has a high risk of failing, they cannot rely on any controls in their audit. Hence, testing controls is the wrong strategy and the team will put all the efforts into substantive procedures. However, we want to make sure that the entity strengthens their internal controls because we do not want to report the same misstatements year after year. In this case, it would be advisable to send in an IS audit team to conduct a thorough compliance audit at this client and make recommendations that are feasible to implement.

Q Could you clarify whether you can transfer your finding from IFMIS to another ministry were the IFMIS does not sit?

A The findings from the IFMIS audit applies to entities that are on the IFMIS platform.

Participant suggestions of topics for the next webinar:

- Integrating CAATs/Data Analytics into financial audits
- Completeness of information that is captured on an information system, for example prepaid electricity sales or similar
- Practical ways to do remote audits during Covid-19.
- How IT findings lead to financial audit procedures i.e. “connecting the dots”.



Covid-19 pandemic – resources to live and work well during the crisis

AFROSAI-E Research Paper on SAI resilience in addressing the auditor expectation gap during disaster periods: The case of sub-Saharan SAIs during the Covid-19 pandemic

Over the course of the last two months, we conducted a research project to determine the resilience of SAIs in sub-Saharan Africa to meet stakeholder expectations in the wake of the Covid-19 pandemic.

We collected the data through questionnaires and interviews with respondents from sub-Saharan SAIs as well as SAIs from other regions to gain further insights. We also did unstructured interview with Mr Kimi Makwetu, the Auditor General of South Africa and included the results in the research ([click here to watch the full interview](#)). Based on our analysis of the data, these are the main conclusions and recommendations:

Main Research Conclusion: There is a growing audit expectation gap for SAIs to give assurance on public finances and activities during this Covid-19 pandemic from various stakeholders. Due to various reasons, both internal and external, sub-Saharan SAIs have struggled to meet their statutory mandates and meet reasonable stakeholder expectations during this period.

Conclusions on audits performed

Conclusion: Although sub-Saharan Africa is prone to natural and other disasters, most SAIs have not done any disaster preparedness audits on their governments in the last seven years. Disasters can happen at any time with little or no warning. Right now, in addition to Covid-19, the east African region is experiencing floods around Lake Victoria and the worst outbreak of locusts in 70 years. While the evidence shows that SAIs understand the concept of disaster related audits, the concept of “disaster preparedness audits” is clearly still an unfamiliar subject matter for SAIs to audit.

From an external perspective, many SAIs were and still are affected by nation-wide lockdowns during the Covid-19 crisis. As a result, they have not been able to conduct audits during this period as most governments did not name the SAI as an essential service. From an internal perspective, due to their low levels of resilience to disaster situations, some SAIs are finding it difficult to be flexible and adapt their annual audit plans and strategies to accommodate disaster period events.

Recommendation: Even though we are currently in a disaster situation, SAIs should perform and continue to perform disaster preparedness audits on their governments. There is also an opportunity for SAIs to perform “real time” audits during the pandemic to meet the widening audit expectation gap on Covid-19.

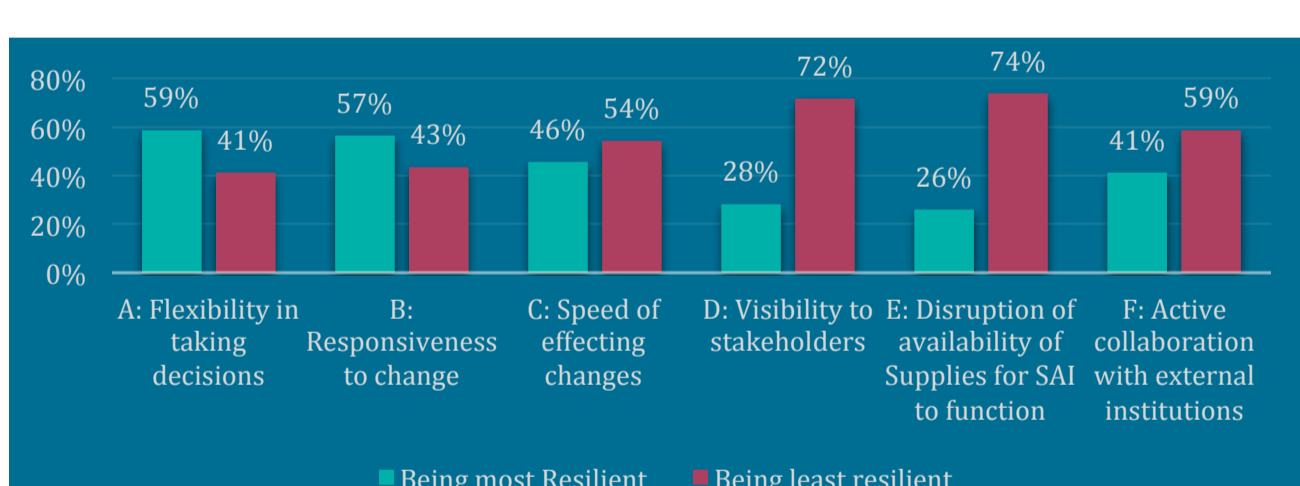
Conclusion: Most SAIs plans to perform several post-COVID-19 related audits. There is however little planned in relation to information systems audits after the pandemic. The audit expectation gap on the nature and timing of these “post-pandemic” audits with several external stakeholders is seemingly negligible. The main concern is that it is not yet possible to know when the pandemic will end.

Recommendation: SAIs should perform disaster related audits throughout the three cycles of this Covid-19 pandemic (current, post and pre-the next unknown disaster). During the current period, SAIs should perform more real-time audits as compared to year-end audits. In the consideration of both post and current COVID-19 related audits, we encourage SAIs to plan to perform more information systems audits, over and above financial, compliance and performance audits.

AFROSAI-E together with GiZ, plans to develop available a pocket guide on audit strategies to approach disaster related audits at SAI and at engagement level.

Conclusions on SAI resilience

Conclusion: To date, using six factors of resilience in the review, SAIs have shown that they have generally not been resilient during the COVID-19 disaster situation. While most SAIs have taken swift and flexible actions in response to Covid-19, few have managed to carry out their audit mandate during the disaster period. The biggest area of concern related to SAI resilience during the pandemic, is their visibility to stakeholders.



Recommendation: SAIs need to invest more in their disaster preparedness and awareness to increase their level of resilience to disaster situations. This includes subjecting SAIs to disaster preparedness audits as institutions. Stakeholder expectations on SAIs are especially high during disaster periods and it is therefore critical that SAIs have plans in place to be visible to their stakeholders, making a positive contribution during the disaster.

Conclusion: During the Covid-19 pandemic, SAIs quickly put measures in to help their staff work from home. The analysis showed that SAI staff had the necessary equipment and human resource support to work from home. However, most SAI employees had no remote access to government information systems, to allow them to perform audits on their public financial management system.

Recommendation: SAIs should close information access vulnerability gaps by developing and implementation information systems policies and technical solutions. SAIs should have policies which guide remote working such as Bring Your Own Device (BYOD), security and access to office networks.

Recommendation: Governments need to ensure they have resilient systems that can ensure service delivery continues uninterrupted during a disaster. Auditors should ensure they are able to access these information systems remotely within the established SAIs secure means. SAIs should have adequate means, like virtual private networks (VPNs), to have remote secure connectivity to systems. Auditors need to have audit or view-only access to the key government information systems to carry out their audits and do continuous monitoring.



Frequently Asked Questions

Topic: PAP-APP support programme

Background: What is the PAP-APP support?

The PAP-APP is the Accelerated Peer-Support Partnership or Partenariat d'Appui Accélééré par des Pairs. Accelerated highlights the special, more intensive nature of the support provided to specific countries. The programme's overall objective is to empower Supreme Audit Institutions (SAIs) in politically unstable and challenging environments to enhance their capacity and to improve their performance. Ultimately, to make a difference to the lives of their citizens, in line with international standards, specifically INTOSAI-P12.

Q Which specific SAIs are supported by the PAP-APP?

A Nine SAIs are partners and beneficiary institutions of the programme, as they were selected for the Global Call for Proposals Tier 2. These SAIs are in the Democratic Republic of the Congo (DRC), Madagascar, Guinea-Conakry, Togo and Niger (French-speaking, CREFIAF members), as well as Eritrea, Zimbabwe, Sierra Leone and The Gambia (English speaking, AFROSAI-E members).

Q What are the key issues the PAP-APP focuses on?

A The programme is planned support in two phases:

1. The Phase One ran from May 2018 until May 2020 with the goal to clarify strategic priorities and operational plans and use these to establish long-term and scaled up capacity development support. Sierra Leone and Zimbabwe have extended the Phase One to allow support for the development of their Strategic Plans and securing long term partner support.
2. Phase Two will run over several years where the PAP-APP partners will consider offering different types of support for capacity development depending on the requests, needs and the resources available to provide the support. This phase of the PAP-APP support is tailored to the needs of the SAI to achieve its strategic objectives. The PAP-APP will support the SAI with:
 - Strategic, change management and stronger internal governance. This will include advise and support to implement the best processes and procedures to achieve strategic and annual plans, including Human Resources, Professional Development and Audit related capacities and products:
 - Coordinate Human Resource Management training needs and support streamlining of operations for maximum efficiency, automation and effectiveness and change management.
 - Coordinate with AFROSAI-E to ensure the SAI receives necessary training needs. Assist the SAI to find financial support to conduct effective audits and provide recommendations to report on donors.
 - Communication and stakeholder engagement. This will include support to manage the mobilisation of resources, monitoring and reporting to stakeholders, advise on how to raise awareness of current and future management directives, as well as advise on the required functional and technical expertise, resource requirements, and targeting stakeholders and prospective donor through planned engagements.

Q How is PAP-APP different from other interventions?

A PAP-APP support is provided through peer teams who are more involved in engaging with the SAI to ensure they achieve their goals. The peer team supports SAIs to develop strategic and operational plans, and ensure they achieve them. Through the support, the SAI is supported to identify needs, gaps as well as finding and coordinating technical support to ensure they achieve their objectives. The peer team is also involved in providing support in assessing and evaluating SAI plans, development of reports and communicating to interest groups.

Q What are the key achievements for the SAIs supported by AFROSAI-E as part of the PAP-APP so far?

A SAI Gambia

The SAI's strategic management capacity improved significantly over the past year: from 0 to 2 in the relevant SAI-PMF indicator, exceeding the project's original target. The new five-year strategic plan—developed with the support of peers from AFROSAI-E, IDI, Norway and Ghana—was based on a holistic needs assessment, multiple rounds of stakeholder consultations, and sets out an ambitious but realistic and outcome-oriented path.

But the 2020 operational plan is the primary reason for the jump in the score. Prior to the project, the SAI had unit-level audit plans, but no cross-cutting annual plan with clear links to long-term strategy. Not only did the new operational plan bring all areas of the SAI's work together, it also dovetailed with new internal reporting procedures designed for easy and actional review of progress, challenges, and lessons learned on a quarterly basis. The greatest achievement has been the sustainable design of the support. All activities were inclusive of as many staff and perspectives as possible, and most were facilitated primarily by NAO staff themselves. The biggest challenge remains the availability of peers to support the project.

SAI Sierra Leone

The SAI already had a strategic plan and a lot of management systems in place when the PAP support was initiated. The most important output of the last year was the mid-term review report. It was designed to be both an independent evaluation of progress implementing during the current strategic plan period as well as a review of the strategic framework in general. Based on this report and with support from PAP-APP, the SAI developed an addendum to the strategic plan that reduced and prioritised the objectives, identified more accessible indicators, highlighted risks, and planned implementation activities for the final year. The addendum then at once fed into the next operational planning process and helped streamline annual performance reporting. The results and lessons from this year are also forming the basis for the new strategic plan.

SAI Zimbabwe

The PAP-APP supported SAI Zimbabwe to carry out an independent mid-term review of the SAI Strategic Plan and included findings in the Operational Plan. The findings will also inform the Strategic Plan for 2021-2025. The SAI had a workshop to develop the 2020 Operational Plan. The Top Management are reviewing the final draft to ensure they've addressed all points raised in the mid-term review. The SAI has already started to implement the operational plan, while considering issues raised by the current internal review and outstanding issues from the strategic plan, ending 2020. The SAI developed a generic proposal based on the need's assessment and will use it to respond to calls for proposals and extract concept notes for donors that are interest to support the SAI.

SAI Eritrea

SAI Eritrea finalised their Strategic Plan at the end of 2018 and launched it in January 2019. The launch was a good platform to distribute the document to stakeholders and engage them on the Plan. A wide range of gender diverse staff actively participated in developing the plan, which created a sense of ownership. The SAI developed an annual operational plan following a thorough management team workshops and discussion. This made the plan comprehensive of all OAG functions. The development of monitoring and evaluation tools and processes has helped the management team track progress in the implementation of the strategic plan. They produced the first quarterly monitoring and report in March 2019. Based on the training, the SAI redesigned and improved their audit reports as well as their annual SAI Performance Report, which they distributed to stakeholders. Earlier this year, the SAI submitted a project funding proposal to the Ministry of Finance. The SAI has successfully encouraged gender diversity by creating opportunities for female staff to develop their skills as facilitators, presenters in in-house trainings and take part in further training.