

AFROSAI-E RISK REPORT

Report period: 31 March 2022
Previous risk report: 31 December 2021



Purpose of this report

The report is prepared and reported in the terms of the AFROSAI-E risk management framework. The framework makes provision for a quarterly assessment of the AFROSAI-E risk register and the reporting of the relevant risks and mitigating actions by the secretariat to key stakeholders.

This report is for the attention of:

- AFROSAI-E Governing Board Chairperson and Vice-Chairperson
- Auditor General of South Africa - host SAI oversight
- Members of the AFROSAI-E Governing Board Audit & Governance sub-committee
- Members of the AFROSAI-E Governing Board Finance & Planning sub-committee

Introduction

There are no substantial changes from the previous report. The next review is planned for June 2022.

Overview of the main risks, potential impact and key mitigating actions of the organisation at present

- 1 Impact of travel restrictions.** Because we had to reduce our in-person capacity building activities in 2021, the demand for this type of support has increased substantially. As we work to meet this demand with virtual training and on-site follow-up, we are however dependent on support from SAIs to release subject matter experts. We therefore risk that the increased activities, will result in an added burden to member SAIs. To mitigate this risk, we are having ongoing discussions with members on these interventions. In addition, we are improving our processes, to enable us to request resources earlier, so that SAIs can plan around the support. We are also focusing support on training SAI resources as trainers, so that SAIs can facilitate more interventions in-house.
- 2 Customised SAI support.** While we are mindful of the benefit of regional support interventions and guidance, we realise that individual SAI needs are different. To enable our capacity development interventions to have the desired impact on country level, we therefore need to work closely with our SAIs to accurately identify their training requirements. We mitigate the risk by improving our analysis of the SAIs' ICBF results and QA reviews, and by jointly developing capacity building plans for each SAI in line with their priorities, so that we can tailored our support accordingly.
- 3 Funding shortfall for 2022.** Because we are planning to implement more activities to meet demands, there is an increased funding need for 2022. We are finalising funding agreements with new partners, but, because these are lengthy processes, there is a risk of delays in getting the funds. We are mitigating this risk by having ongoing discussions with our current donors and partners as well as open dialogues with the prospective funding partners to finalise the agreements. A secondary related risk is the added reporting and administrative requirements from donors, which the current support structure is not geared for. To mitigate this risk, we have factored in the increase of support staff in the new agreements.

Key changes to the risk register changes since previous risk report:

- 1 The risk register has no substantial changes.
- 2 A list of potential risks identified by the Secretariat team is being evaluated for possible addition to the register and will be incorporated in the next report.

Risk register overview - identified risks by category and potential severity

- 1 There are 29 identified risks on the risk register: 10 strategic, 4 financial & 15 operational. Each risk is rated according to potential impact, probability of occurrence and effectiveness of mitigation. Of the identified risks, 11 have a mitigated risk rating of "moderate" and the remaining 18 are rated as "low". The increased financial risk, mentioned above, is the only risk where the residual rating exceeds that of the risk tolerance of the organisation.
- 2 The annexure contains the full register with identified risks, together with the ratings, mitigating initiatives and assessments. The contents of this report summarised extract of this register.

Risk Register

31 March 2022

Risk ID	Risk name	Potential cause and impact	Risk Category: Strategic Financial Operational	Effect on the Strategy: Strategic Plan; Strategic Goal; or Business process	Inherent risk rating	Risk owner	Risk mitigation initiative/action	Effectiveness of mitigation Strong - adequate & adhered Moderate - adequate but inconsistent Weak - inadequate/not adhered Does not exist Is not required	Action (Output)	Residual rating after assessing the mitigating control: Low Moderate High Abnormally high	Risk appetite of the organisation: Low Moderate High Abnormally High	Additional actions
Strategic risks												
1	Personnel health risks (Covid-19)	Contracting of the virus by staff, resources, delegates and member SAIs. Impact on the well-being and safety of the individual.	Strategic	Strategic plan	Moderate Risk	Executive team	Office - development and adherence to Covid-19 plan and safety protocols. Work from home policy developed for secretariat and increased virtual meeting attendance. Travel - ongoing monitoring of travel advisories and adherence to safety protocols.	Strong Processes in place	Ongoing communication and review of travel and health advisories	Moderate	Moderate	None
2	Covid-19 effect on Strategic plan outcomes	Postponement of activities requiring travel and limited direct contact with members over the past two years. Virtual training and online meeting fatigue. Member SAI backlog of audit training. Member SAIs accumulated audit backlog all requiring simultaneous attention and competing for limited resources.	Strategic	Strategic plan	High Risk	Executive team	Ongoing assessment of Strategic plan implementation. Operational plan focus areas identified to address requirements. Implementation of blended learning - online material developed and in-person training & follow-up. Actively promoting A-seat roll out to SAIs.	Moderate - ongoing implementation Plans developed and activities have commenced	Ongoing interaction with member SAIs regarding support plans and activities	Moderate	Moderate	None
3	Financial sustainability of the organisation	Reduced Donor support due to the following possibilities: - international funding reduction - change in Donors' focus - inability to meet donors' expectations and reporting requirements such as reporting on impact - lack of coordination with Partners' bilateral projects. Inability to meet financial obligations due to over-reliance on Donor support Relatively small base of Donors providing support - thereby increasing the effect of a possible loss of a partner	Strategic	Strategic plan	High Risk	Executive team	Build an open, transparent trust relationship with existing donors and institutional partners.	Strong Regular feedback meetings are scheduled and reporting requirements are adhered to.	Ongoing discussions of 2022 operational plan and funding requests	Moderate	Low	In process
						Executive team	Develop funding plan for the remainder of the Strategic plan. Continue to identify and engage with potential donors. Funding of specific projects has been secured for many additional activities.	Strong. Plan is developed and in the process of being implemented. Determining future funding requirements is more complex due to a higher demand for in person training but available capacity may restrict implementation	Analysis of funding requirements for the remainder of the Strategic Plan. Finalise African Development Bank agreement			Confirm funding requirements based on projected activity levels. Determine interim funding sources until the Africa Development Bank project is confirmed.
						Communications	Updated stakeholder relations strategy	In process Survey completed	Implementation of the plan			
						M&E	M&E process to assess and report on outcomes and impact	Strong. Process has been developed and tracking is being done. Development of an online M&E system is progressing well	Assessment and reporting is ongoing and being refined			
						SAI	Member SAIs provide support for country workshops	Strong. Generally good support from members within their own budget allocations. SAI resources also assist with development work and support on a remote basis.	Ongoing communication with member SAIs regarding required assistance.			Communication of planning with extent and indicative timing of required assistance required for SAI capacity planning. Improve lead times of resource requests
						CEO	Ensure transparent and ongoing feedback with host SAI (AGSA) as part of the host SAI oversight obligation.	Strong. Good relations and confirmed support	Finalisation of the hosting agreement with AGSA from 1 Jan 2023 until 31 Dec 2028			

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						Executive team	Ensure that financial obligations of the organisation do not exceed available funding. Ensure that internal reserves are increased to provide additional mitigation.	Strong. Plans are presented to the Finance and Planning sub-committee periodically	Planning for the full Strategic period to continue. Ensure that the period of financial obligations are aligned to committed financial periods			
						Executive team	Participate in the INTOSAI Donor Steering Committee to actively seek for further donor support	Moderate. Global engagements at IDC not as effective on regional level	Explored via AfDB, Swiss Embassy, Austrian Embassy, EU and DfID			
4	Capacity to support SAIs	The inability to adequately assist member SAIs - could be attributed to the following causes: - schedules don't allow for innovation - over commitment by the Secretariat to members - in-country workshops taking preference over regional workshops - differing methodologies of AFROSAI-E and other Partners in bilateral programmes - too many Capacity Building programmes with members	Strategic	Strategic goal 2 Strategic goal 3	High Risk	EO	Train of Trainers (ToT) programme to increase regional capacity	Moderate Training has been delayed by Covid but will resume now	Content development is ongoing: - Masterclass training is being updated - material for the Champions group developed - training material updated with ToT principles	Moderate	Moderate	Training dates to be confirmed - indicative scheduling for Q3 of 2022
						Exec	Actively develop regional resources to become subject matter experts, both for AFROSAI-E purposes and within their own SAIs	Moderate SAI capacity challenges affect availability of resources Trained resources are prone to migrate to private sector	Expand resources teams on activities to make provision for knowledge transfer			
						Communications	Include this issue in the stakeholder relations strategy	In process	Implementation of the plan			
						Institutional capacity building team	Encourage member SAIs to develop the technical and leadership competencies of their people and to make such persons available for agreed upon interventions, including training and QA units	Moderate - in process Subject to SAI resources	Incorporate into SLDP and MDP training Establish QA training units/functions at SAIs Emphasis on technical and leadership development			
						Exec/SAI	Improved coordination with donors supporting SAIs directly or under bilateral programmes	Moderate - in process	Ongoing discussions with SAI leadership to identify programmes Bi-lateral programmes to be included in SAI support plans			
						Exec/SAI	Regional based resources where dedicated persons are sponsored and hosted by a SAI to drive training in a sub-region, as a cost-effective solution to build regional capacity	Not yet implemented	To prioritise			
5	Outcomes of initiatives not reflecting on SAI level	Impact of interventions is not having the desired result. Could be as a result of: - inadequate system(s) / systems not integrated to monitor Theory of change - members do not actively implement learnings (commitment) - same people attend training year after year	Strategic	Strategic goal 2 Strategic goal 3	High Risk	Technical Managers	Encourage SAI leadership to actively participate in the programmes that are specifically relevant to them and to take ownership for implementation on SAI level.	Moderate Ongoing engagements in place, and will be monitored through the country capacity building plans	Develop member SAI support plans with input from existing MOUs, ICBF, QA findings - aligned to SAI leadership priorities. Include implementation components in the capacity building initiatives with assessment. Assess previous training provided and the implementation thereof in training requests	Moderate	Moderate	

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		- SAIs ability to adapt / implement new IS technologies				AP / All TM	Invitation letters for workshops should clearly indicate the target group / participant to avoid incorrect participants attending training	Moderate - inconsistently applied	Improved initial planning and expected outcomes which will guide in identifying the target audience Specify target audience in invitation letters			
						Executive team	Monitor requirements, interventions and outcomes on SAI level by providing customised assistance. Assistance will factor in capacity levels, context in which SAIs operate, skill levels and methods best suited to the needs of the member SAI.	Moderate - in progress Monitoring and Evaluation capacity required.	Develop Management Information System to monitor requirements, interventions and outcomes on SAI level Find ways to differentiate and customise assistance based on capacity levels, context in which SAIs operate, skill levels and methods best suited to individual needs.			
						SAI Champions	Secretariat SAI Champions - each member SAI has an allocated person to gather all relevant data, monitor MoUs, maintain the relationships (including attending donor coordination meetings – to ensure better coordination and planning with donors and partners operating in a SAI) etc. with the SAIs they are responsible for	Moderate - in progress Guidelines for the role are developed and being implemented	In process			Identify opportunity for introducing new SAI Champions to member SAI leadership
						Communications	Learning management system	Moderate LMS site is in use and evaluation is ongoing Material development had been accelerated and implementation is ongoing	Set up formal peer learning methodology, establishment of communities of practice made up, for example of different categories of auditors or countries operating in similar contexts and with similar systems and challenges Establish a sustainable pool of trainers, facilitators at sub-regional level to support the level of face-to-face contact that might be required as a follow-up to e-learning			
						Institutional capacity building team	Monitor progress through ICBF Outcomes Report, emphasising the role SAIs have in developing their organisations and its personnel	Moderate - ongoing development and application ICBF 2021 questions reviewed and updated	Report to be enhanced to reflect challenges and results used to assess and discuss capacity building needs of a SAI with the SAI leadership The Secretariat must report against outcomes, outputs and activities in the Strategic Plan			
6	Quality of technical material issued and relevance thereof to users	Reputational risk of incorrect communication affecting quality of all documents circulated externally, especially QA reports incorrectly assessed	Strategic	Strategic goal 2	Moderate Risk	Technical managers	Participate in key INTOSAI WGs to ensure alignment with international developments	Strong Represented in most of the applicable INTOSAI WG's and information incorporated	Monitor outcomes from interventions	Moderate	Moderate	
						Executive Officer	Technical committee review material prior to issuing and all documents issued for exposure and being piloted at SAI level	Moderate Need more external representation from subject matter experts to review technical material	Need more external representation from subject matter experts to review technical material			

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7	Tracking of Governing Board resolutions	Governance risk GB resolutions not followed up and implemented	Strategic	Governance	Low risk	WW	Monitor GB resolution risks via the monthly internal control process	Strong Dashboard in use to track resolutions and highlight potential issues timeously	To follow up in Finance and EO meetings	Low	Low	
8	The desired organisational values and culture is not achieved and maintained	The values and desired culture in support of the achievement of the strategic plan is not reflected in the behaviours.	Strategic	Human Resources	Moderate Risk	Executive Officers	CVA to be conducted annually Define and communicate behaviours for each of the values Include on IPCs of staff	Strong - ongoing CVA conducted in 2021 and feedback provided to staff	Action plan to address identified issues is in process	Low	Low	
9	Reputational risk of inaccurate or unprofessional external communication	Communication taken out of context Personal views expressed as organisational views Poor quality control	Strategic	Strategic goal 4	Moderate Risk	Executive team	Awareness among the Secretariat raised concerning this reputational risk Future considerations if the need arises could include staff training on external communication, drafting media policy, drafting organisational "points of view"	Strong Awareness raised with team Very limited exposure/opportunity	Ongoing monitoring	Low	Low	
						Executive Officer	All country reports are reviewed prior to distribution	Moderate Inconsistent use of templates	Reporting templates and word editing/translation checking			
10	Duplication and relevance of technical guidance	Duplicated guidance being generated	Strategic	Strategic goal 2	Moderate Risk	Executive Officer	The proposal phase of new technical guidance to include thorough examination of existing and planned guidance from the INTOSAI community and other relevant role-players	To be implemented	Ongoing	Moderate Risk	Moderate Risk	
Financial risks												
11	Cash safekeeping and allowances	Theft of cash Staff safety	Finance	Administration	Moderate Risk	Finance	EFT as far as possible Cash cards to resources Cash delivery for allowances	Moderate - risk has been reduced Not always possible to only do EFT, especially for resource persons	USD transfers made to resources	Low	Low	
12	Financial management monitoring	Financial controls and oversight ineffective	Finance	Governance	Moderate Risk	Finance	Monitor financial management risks via the monthly internal control process	Strong The monthly internal control processes are well established and entrenched Monthly report deadlines are being met	Monthly review and distribution of financial report Implementation & adherence to the Finance & Admin plan	Low	Low	
13	Xero accounting system not optimally used	Inefficiencies in the financial processes and use of systems	Finance	Administration	Moderate Risk	RF	Online systems have been implemented Weekly processing has been introduced and tracked	Strong Processes well established	Weekly, monthly and quarterly checklists in place	Low	Low	
14	Collection risk - membership fees	Foreign exchange restrictions imposed by members countries resulting from economic down-turn	Finance	Administration	Moderate Risk	RF	Ongoing monitoring and communication with AGs. Continue to provide value-adding services to demonstrate value-for-money	Strong Collection processes well established, high collection rate to date	Only one SAI is outstanding for 2021	Low	Low	
Operational risks												
15	Legal risk on contracts	Risk relating to fraud and corruption when incurring expenditure Supplier / service provider not able to deliver on the project deliverables	Operational	Compliance	Moderate Risk	RF	FM review all supplier agreements before signature. Obtain a legal opinion in case of entering into contracts with large values and or exposure to the organisation	Moderate	Add a clause on fraud risk prevention in new contracts and agreements Legal opinion to be obtained	Low	Low	

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16	IT security	Unauthorised access to data Non-adherence to protection of personal information	Operational	IT	High Risk	RF	IT systems audit conducted in 2017 and findings addressed with IT information service provider that host information	Moderate Controls in place with external provider	Schedule another IS audit Finalise the Xero review Develop IT policy that addresses passwords, encryption and other best practices	Moderate	Moderate	
17	Protection of data	Server malfunction resulting in loss of data No backup of data stored on personal laptops	Operational	IT	High Risk	RF	External service provider is responsible for back-ups - included in the SLA IT policy to be drafted that will address protection of data	Moderate Controls in place with external provider	Draft IT policy that addresses protection of data POPI Act compliance to be implemented	Moderate	Moderate	
18	Staff wellness	Health and stress of staff and trainers deteriorate Impact of working remotely and virtual with less work life balance	Operational	HR	Moderate Risk	Executive team	Staff wellness survey to be conducted Staff are encouraged to engage with line managers on leave scheduling and the latter to monitor Staff should not schedule back to back travelling / workshops All staff has access to the AGSA EWP Importance of work-life balance in staff meetings emphasized in internal communication	Strong Inform staff to plan and take leave during the course of the year. Monitor accumulated leave balances. System shortfalls have been identified	Assess staff wellness survey results New systems being evaluated to improve leave management process	Moderate	Moderate	
19	Administrative capacity insufficient	Limited administrative capacity to support technical managers as processes are expanded	Operational	Administration	Moderate Risk	Executive Officers	Explore options to provide more administrative support for technical managers	To be assessed	Ongoing support provided Standardised processes developed to ease admin burden	Moderate	Moderate	
The following risks are rated as low and have adequate mitigating controls in place. Risks of an operational nature with low residual risk ratings are also included below.												
20	Occupational health and safety	Unclear health and safety process for Menlyn Maine	Operational	HR	Low risk	BR	Follow up with Paul Lubbe from AGSA	Health and safety policy distributed	Health & safety plan is under development (reviewed)	Low	Low	
21	External risks when travelling	Safety of people travelling to attend workshops or conduct training	Operational	HR	Moderate Risk	RF	Travel insurance taken out as standard practice	Strong TIC contracted to provide insurances for staff and resources	Re-introduced and policy renewed	Low	Low	
22	Ineffective internal communication	Staff members are not up to date with matters in the secretariat	Operational	HR	Moderate Risk	JM / WW	Weekly meetings with staff	Strong Weekly meetings have been introduced and staff members are given the opportunity to contribute to	Regular feedback is given	Low	Low	
23	Ineffective external communication	Stakeholder strategy is in process	Operational	Strategic goal 4	Moderate Risk	AP	Formal communication to members send out from the CEO's desk External communique is issued from time to time, publish articles on website, twitter	Moderate Can improve on clarity of invitation letters to target group, scope and objectives, accuracy of information and language Bulletins reviewed before distribution	Policy to be implemented	Low	Low	
24	Intellectual property and copyright	Intellectual property not protected	Operational	Strategic goal 4	Moderate Risk	JM	Obtain ISBN number once technical committee approved a document, before final approval by the CEO. The EO to initiate the process.	Moderate After sign-off of a document for issue to inform communication senior manager to obtain an ISBN number		Low	Low	
25	Physical security	Access control to building not properly monitored	Operational	Facilities	Moderate Risk	RF	Landlord installed a biometric and intercom system	Strong Access is controlled by all tenants in the building.	None further required	Low	Low	
26	Travel insurance for delegates is not being taken out by the SAIs	The risk of staff attending training transferred to the Secretariat	Operational	Facilities	Moderate Risk	BR	Bernie Rautenbach to request copies of travel insurance taken by SAIs on all registration confirmations.	Moderate - inconsistently applied Discussed at the GB meetings in 2019 and 2020	SAIs and AGs requested to ensure travel insurance is taken out	Low	Low	
The following risks require no further action but will be monitored for potential impact in future												

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27	Legal risk - entity registration	Difficulty to register the Secretariat with service providers in the absence of a legal status / registration number	Operational	Compliance	Low risk	WW	Got an opinion on the legal status of the Secretariat	Strong Detailed feedback received from legal specialist to remain as a voluntary membership-based organisation	Opinion obtained and matter dealt with	Low	Low	
28	Continuous Professional development	Staff do not put sufficient time aside for professional development	Operational	HR	Low risk	Technical managers	Staff demonstrated study support needs Budget has been amended to incorporate requirements	Strong Controls applied as designed Policy developed and implemented		Low	Low	
29	Secretariat's HR capacity	Lack of HR capacity at the secretariat This could also apply to other areas within the secretariat where we need / or potentially need support e.g. Legal / IS etc?	Operational	HR	Low risk	MvN	Job profiles was re-evaluated and job-gradings done Values defined and included on IPC	Strong implemented AGSA is providing ongoing HR support	Develop a plan of action and confirm with staff whether there are other functions where this is also applicable	Low	Low	