AFROSAI-E

2022

OUR VISION:

Making a difference in the performance of SAIs.

OUR MISSION:

We do this by cooperating with and supporting our members to enhance their institutional capacity to successfully fulfil their mandates, thereby making a difference in the lives of citizens.

OUR VALUES:

We are Professional, Innovative and Collaborative

VALUE CREATION:

AFROSAI-E is uniquely positioned to provide credible insights into the progress of our members. We have an unparalleled depth and breadth of knowledge about the historical and current challenges our member SAIs face individually and collectively. This enables us to effectively assess future opportunities and match SAI needs with capacity-building initiatives for outcome-driven implementation at the SAI level.

CONTENT

1. INTRODUCTION

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The Institutional Capacity Building Framework (ICBF) is primarily a capacity development tool. As a region, we aim to support SAIs in building institutional capacity, essential for creating sustainable, effective, and resilient institutions that can make a meaningful impact in their countries.

Through its five institutional domain areas, the tool enables SAIs to consider and prioritise their capacity-building needs, gaps and challenges. It also enables the Secretariat to develop made-to-fit programmes, interventions, and guidelines. In addition, we use the ICBF to measure how successfully SAIs have taken ownership and implemented these.

SAIs using the ICBF as a holistic development tool can benefit from the following:
- improved overall effectiveness,
- greater sustainability in the long term,
- better decision-making based on a comprehensive understanding of its organisational strengths and weaknesses and
- an enhanced reputation as a credible and trustworthy institution.

The Secretariat uses the ICBF as a key indicator of progress in our Strategic Plan for 2020 to 2024. We have set a target of having 55% of our SAIs reach level 3 (established level of maturity) across all five institutional domain areas by 2024.

Unfortunately, the data from the 2022 self-assessments show that we are far from reaching the desired target, as only 31% SAIs have reached a collective level 3 across the domains. Of further concern is the overall downward trend, given that this figure regressed from 38% in 2020. The downward trend could be attributed to a stronger focus on using the ICBF in regular engagements with the members through quality assurance reviews and integrating the domain elements in training.
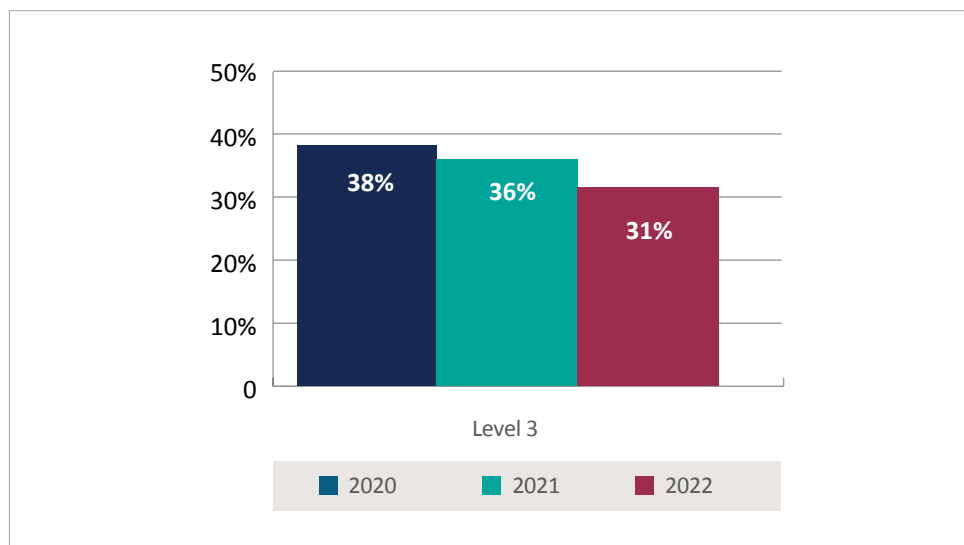

Figure 1: Progress of % of SAIs to reach an established level of maturity (level 3) on all ICBF domains.

In the 2021 State of the Region Report, we highlighted that there are three cross-cutting areas that, if focused on, SAIs could improve their holistic capacity. These included:

- Developing structures and processes to implement strategies, plans and policies already in place.
- Establishing sound internal processes to track, monitor and evaluate progress to enable corrective actions.
- Effectively communicating audit findings to stakeholders to affect change.

Considering the continued downward trend in the maturity levels at our SAIs, we delve further into these cross-cutting issues in this report. In addition, we developed a matrix of the typical organisational processes and mapped them against the ICBF questions. The resulting range of new questions in the self-assessment questionnaire aims to identify the underlying root causes affecting regional progress.

On each of the five Domains, we asked SAIs to indicate to what extent they agree or disagree with the following statements:

1. The legal framework is hindering progress.
2. An effective organisational structure and competent staff are lacking.
3. Internal policies and procedures not developed.
4. Internal governance and oversight mechanisms are inadequate.
5. Financial resources are inadequate to implement initiatives.

It is interesting to note from this analysis that the SAI responses were mixed across the five Domains. For example, regarding the legal framework, about half of our SAIs indicated it is a root cause hindering progress, while the other half disagreed.

We noted a more significant level of agreement amongst SAIs on whether they have adequate financial resources to implement initiatives. Sixty-five per cent of SAIs consider this a root cause hindering development.

Interestingly, SAIs generally believe that their internal policies and procedures are developed and adequate, with half indicating that they are satisfied with their internal governance and oversight mechanisms. However, this is contradicted by the ICBF data and analysis of the cross-cutting issues, which strongly allude to gaps in the planning and implementation capacity at SAIs.

In 2022, we implemented new quality assurance review procedures at four of the eight SAIs due for external review. These procedures were specifically designed to interrogate the ICBF submissions more intensively to improve the validity of the scores through correlation.

The review results at three of the four SAIs confirmed the discrepancies we found in our analysis. We found significant discrepancies at these SAIs between the self-assessment and quality assurance review scores. At the fourth SAI, however, the scoring aligned much closer. In analysing the differences between the SAIs with significant scoring discrepancies compared to the SAIs with minor discrepancies, we identified the following three areas that could positively improve correlations.

1. SAIs need to implement an institutionalised process to collect and validate their self-assessment responses before submitting them.
2. SAIs need to allocate adequate time and resources to complete the annual questionnaire and perform the necessary internal quality assurance reviews on the responses.
3. We need to refine and clarify the ICBF self-assessment questionnaire questions to ensure no ambiguity in what is asked.

The above should be considered as contributing factors for the discrepancies in the domain results outlined in Chapter 4, particularly around Domain 2.

This report aims to add value to SAIs and development partners by helping to identify and prioritise critical development needs.

2. ANALYSIS OF CROSS-CUTTING ISSUES AND ROOT CAUSES

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2.1 Cross-cutting issues affecting holistic institutional capacity-building

This year, we looked deeper into the cross-cutting issues highlighted in last year's report relating to SAIs enhancing their planning, implementation and communication of audit results practices. Our analysis showed that underlying issues affecting them relate to the effectiveness of leadership and the health of the organisational culture.

In this chapter, we consider how these issues influence the capacity of SAIs to improve their overall maturity levels.

Leadership Effectiveness and organisational culture

Holistically developing institutional capacity is a gradual change process that requires committed and effective leadership. We recognise that our capacity-building programmes and interventions will not have the desired impact without leaders driving the change and an organisational culture ready to embrace it.

Areas that SAIs can capitalise on to further strengthen leadership effectiveness

On the positive side of looking at leadership effectiveness, all SAIs have reported that they:

- Are applying credible audit standards and declare doing so to users of the audit reports.
- Have implemented systems to ensure that auditors (and contractors) comply with ethical requirements on integrity, independence and objectivity, competence, professional behaviour, confidentiality, and transparency at the audit engagement level.

In addition, we see a notable increase in SAIs having implemented knowledge management systems and comprehensive reporting frameworks such as the Public Financial Management Reporting Framework tool.

Challenges that require action to improve leadership effectiveness

Half of our SAIs report that they are not fully complying with the INTOSAI standards that require a periodic review of the head of SAIs' performance (or, where relevant, the performance of members of the jurisdictional control institutions by parliament or an appropriate body). In addition, and directly related to the
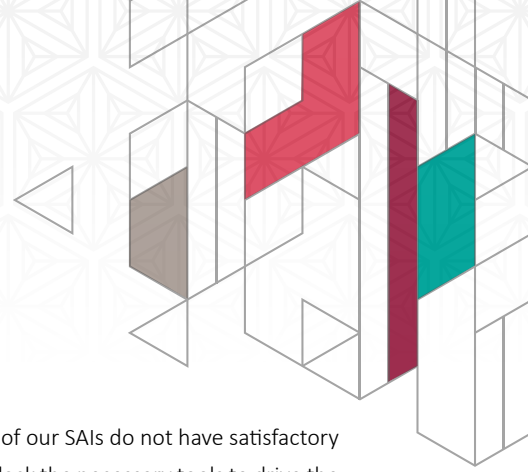
cross-cutting issue of implementation effectiveness, the data shows that more than a third of our SAIs do not have satisfactory monitoring and evaluation frameworks. This means that the leadership teams in those SAIs lack the necessary tools to drive the implementation of organisational goals and objectives.

Succession Planning is critical to ensure continuity of leadership and capacity to achieve the organisational goals and objectives. It is also a vital avenue for employee development and career growth. However, only nine SAIs have developed and implemented a Succession Policy, and a further six SAIs are not satisfied with the process they have in place. This significantly increases the risk that when critical leadership positions become vacant, there is no process enabling internal staff to fill them.

Impact of organisational culture

Through our Culture and Organisational Assessments, we have gathered additional insights to supplement the ICBF data on the organisational culture of our SAIs. Notable from these results is that most SAIs lack an external focus on continuous renewal, building partnerships, and serving the citizens. Areas negatively affecting organisational culture include bureaucracy, inconsistency, information withholding, and resistance to change.

SAI leaders play a crucial role in shaping a positive organisational culture with values, attitudes, and beliefs that drive performance. In practical terms, leaders should consider employee concerns on factors such as low salaries, limited career advancement opportunities, lack of recognition, and an imbalance between work and personal life, as essential factors influencing organisational culture.

Exemplary leadership needed to drive positive change

Exemplary SAI leaders make a lasting positive impact on a SAI's stature, performance and professionalism. Therefore, leaders must be intentional about championing the much-needed improvements around effective planning, implementing those plans and communicating the results. Below we outline the key areas where action is needed around these areas.

The Effectiveness of SAI Planning and Implementation

Effective planning allows the SAI to decide how to best allocate and use resources like time, money, equipment, people, and information. It fosters accountability, transparency, independence and modernity. To be effective, plans should include measurable indicators that test the success of the planned outcomes and inform transparent reporting.

Using a range of 31 questions across the five domains in the self-assessment questionnaire that relate to effective planning, we note that there is reported marked improvement across the region.

Areas that SAIs can capitalise on to further strengthen planning effectiveness

Most SAIs report having achieved an established level of maturity in developing and implementing strategic plans for the organisation, professional development and communication and stakeholder engagement. In addition, almost half of the SAIs are auditing the majority of the national budget. Just over half of our SAIs have developed and are implementing human resource strategies and plans.

Challenges that require action to improve planning and implementation effectiveness

With most SAIs reporting they have the necessary strategies and plans in place, it begs the question of why the overall institutional capacity continues to decline. Based on our analysis, a substantial number of SAIs still have planning aspects that must be addressed. In addition, the lack of monitoring and evaluation frameworks means that even where plans are in place, SAIs may not be monitoring their implementation, enabling them to take corrective action when needed.

Below are the critical areas SAIs need to focus on.

Areas that require urgent action	Number of SAIs that need to act
Comprehensive organisational development (od) plans and policies to address quality assurance, institutional strengthening, innovation, culture and organisational assessment review issues.	7
Plans to assess vulnerablities and resilience to integrity violations using intoSAINT or a similar tool (at least once every five years).	16
Information systems audit strategies that ensure ISSAI compliance (supporting other audits or conducted as compliance or performance audits).	11
Link the operational plan to the approved SAI budget. All planned activities must be alllocated adequate resources and cover all the functions and types of audits that will be conducted.	8
Systems and processes to monitor and evaluate the annual operational plan.	9
In the overall annual audit plans, appropriately identify and record auditees in registers and follow a risk-based methodology, including sustainablity issues in allocating avaiable resources.	7
Link the overall audit plan with thw operational plan objectives. All planned engagement activities must be allocated adequate budgetary resources and cover all the functions and types of audits that will be conducted.	6

Figure 2: Number of SAIs that need to activate the implementation of specific interventions.

Coordination of plans needed to drive positive change

As noted above, leaders need to champion the development of plans that will enable the SAI to fulfil its audit mandate effectively. In addition, these plans must be integrated with the SAIs' Strategic Plan, Operational Plan and Overall Audit Plan to ensure that the necessary resources are allocated and capacitated to implement them.

Monitoring and evaluating the implementation of plans is ultimately the only way to ensure that the required progress is made to reach the goals and objectives. Therefore, developing strategies and plans should go hand-in-hand with developing monitoring and evaluation mechanisms.

Effectiveness of SAI Stakeholder Engagement

For SAIs to achieve audit impact, they need to effectively communicate the audit outcomes to stakeholders. Engaging stakeholders on the SAIs' audit report helps to highlight the critical issues, enable oversight bodies such as the Public Accounts Committee (PAC) to act and empower citizens to participate in the accountability process.

The self-assessment questionnaire includes questions that speak to the measurable effectiveness of stakeholder engagement. These relate to the percentage of audit recommendations implemented by the auditee and SAIs reporting on the portion of key stakeholders who considers that the SAI adds value. It is concerning that these two areas show some of the lowest results across all the domains. These outcomes indicate that SAIs are not making the desired audit impact, despite most SAIs having stakeholder engagement strategies.

Areas that SAIs can capitalise on to further strengthen communication effectiveness

We have seen a continuous upward trend in the region regarding understanding the importance of stakeholder engagement. This is demonstrated by the increased number of dedicated communication staff employed by SAIs. To further capitalise on this strength, SAIs need to optimally use these communication experts to develop and implement stakeholder engagement strategies and plans.

Challenges that require action to improve stakeholder engagement effectiveness

Nineteen (19) SAIs have established satisfactory mechanisms to ensure that all audit recommendations address the relevant root causes and are implementable. However, this is sharply contrasted by the percentage of audit recommendations that are implemented within two years. Nineteen SAIs report that less than half of their audit recommendations are being implemented, therefore not achieving the desired audit impact (Figure 2).
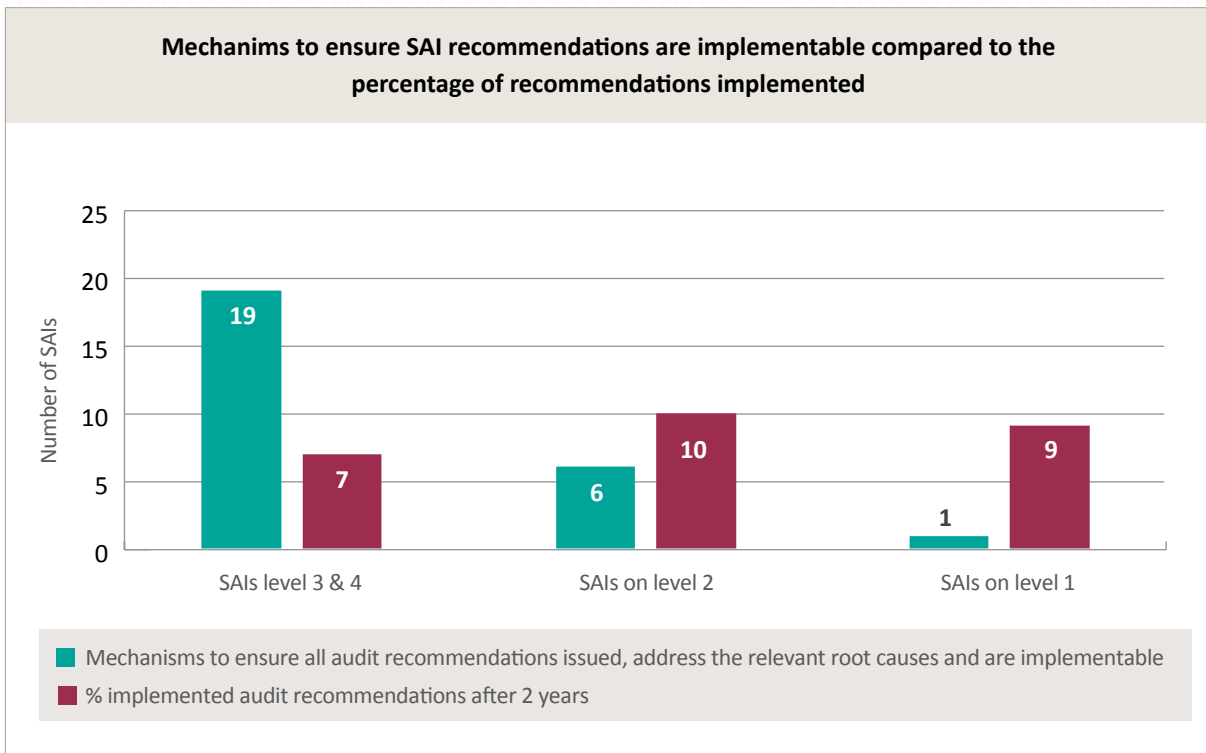
Mechanims to ensure SAI recommendations are implementable compared to the percentage of recommendations implemented

Figure 3: Comparison of the number of SAIs having established mechanisms to ensure recommendations are issued, address the root causes, and are implementable vs the percentage of audit recommendations implemented after two years (established level requires more than 50% implemented).

The disparity between these results is concerning and appears to point to the effectiveness of stakeholder engagements as a key missing factor. While there may be several contributing factors, priority areas SAIs should address are:

• Mapping the stakeholders as part of the strategic planning process to directly align strategic goals and objectives with the stakeholders who will play a critical role in its achievement. When developing the aligned Stakeholder Engagement Strategy, it is vital that the implementation plans include measurable indicators linked to the strategic goals. Furthermore, continuous monitoring and evaluation of the outcomes achieved with these engagements are essential to enable corrective action when needed.

For example:

Stakeholder: A SAI plans to engage the PAC on the audit outcomes of an entity.

Objective: The objective of the engagement is to have the committee adopt the SAIs' audit recommendations in its report to Parliament.

Success indicator: SAI recommendations adopted by the committee.

Further action: Report on the status of implementation of the recommendations adopted by the PAC in the following years' engagement.

- Half of our SAIs do not report on the percentage of stakeholders who believe the SAI adds value to the country. The lack of reporting points to SAIs not making sufficient effort to gather feedback from stakeholders on their satisfaction with the SAI and its reports. Without this crucial feedback, SAIs cannot verify if their reports and recommendations are understood and if their engagements have the desired impact. This information is critical to enable the SAI to take corrective actions to increase the impact of their audit reports and stakeholder engagements. Therefore, mechanisms for gathering stakeholder feedback should be built into stakeholder engagement plans.

For example:
Feedback mechanisms can range from informal feedback gathered at meetings, formal feedback through surveys or observing behaviours of stakeholders following an engagement, e.g., recommendations adopted by PAC.

Strategic coordination of stakeholder engagement needed

Communication and stakeholder engagement must be a strategic priority for the SAI to ensure it has the desired impact of increasing audit impact. Effectively engaging stakeholders so that the SAI messages are understood is essential to gaining support and recognition for its contribution to enhancing accountability in the public sector.

2. ANALYSIS OF CROSS-CUTTING
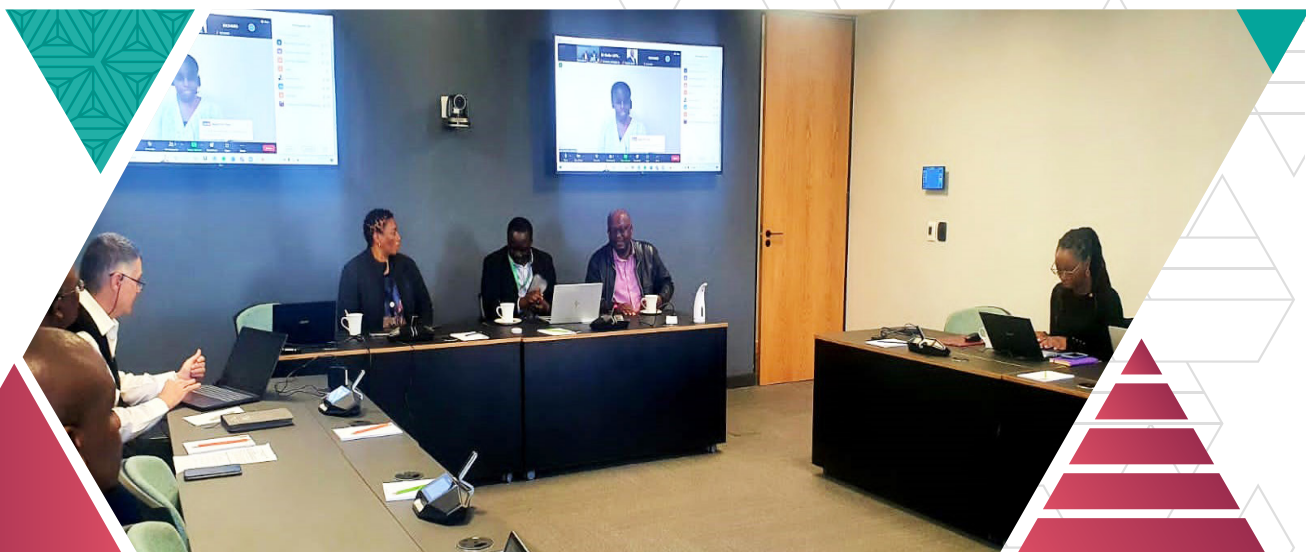
3. REGIONAL RESULTS
PER DOMAIN AREA

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3.1 Domain 1: Independence and Legal Framework

This domain covers the principle of SAI independence as a fundamental pillar necessary for promoting transparency, account-ability and integrity of a country's public financial management system.

3.1.1 Progress in 2022

There was minimal change in this domain. Based on the route-cause questions, 54% of SAIs indicated that their legal frameworks were hindering progress, and 65% noted inadequate financial resources to effect improvements in this domain.

Notably, there are almost two opposite groupings of SAIs. First, those below level 3 are well below (avg. 2.61). This indicates they face multiple challenges relating to their independence and legal frameworks and may need significant changes to make real progress. The opposite goes for those already on level 3, whose scores are well above (3.54). It, therefore, seems that they have fever challenges.

Table 1: Scores per grouping of SAIs above and below level 3

ICBF development level	Number of SAIs		Average scores	
	2021	2022	2021	2022
Below level 3	14	13	2.61	2.61
Level 3 and above	12	13	3.57	3.54

Comparrison of average SAI scores on Domain 1 from 2021 to 2022

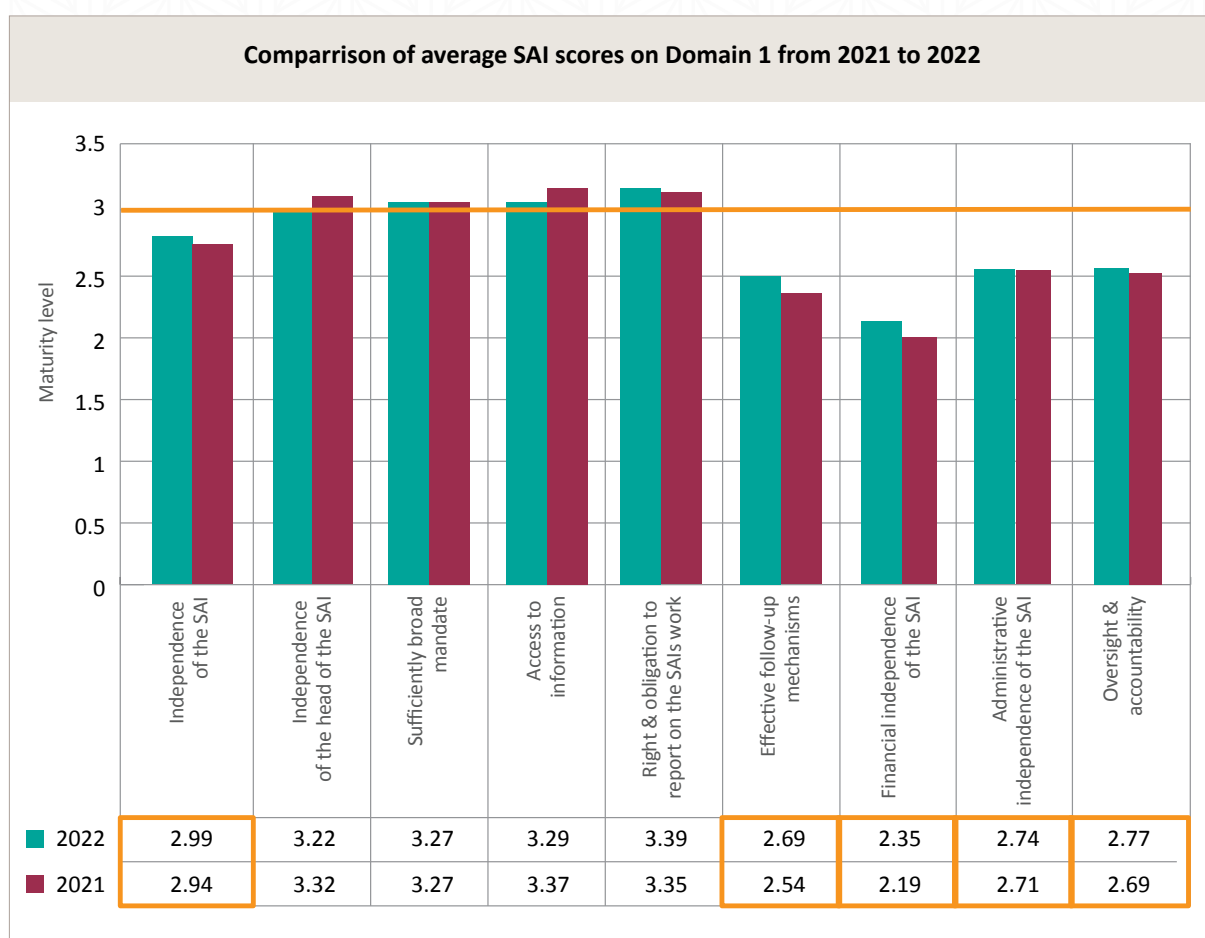|	Independence of the SAI	Independence of the head of the SAI	Sufficiently broad mandate	Access to information	Right & obligation to report on the SAIs work	Effective follow-up mechanisms	Financial independence of the SAI	Administrative independence of the SAI	Oversight & accountability
2022	2.99	3.22	3.27	3.29	3.39	2.69	2.35	2.74	2.77
2021	2.94	3.32	3.27	3.37	3.35	2.54	2.19	2.71	2.69

Figure 4: The average scores of the nine ICBF elements under Domain 1

3.1.2 Challenges and Opportunities

Challenges

As reported in previous years, pressures on SAI independence remain on the organisational level and at individual heads of SAIs. It is concerning that there are still instances of overscoring by several SAIs when it comes to this domain. The Secretariat Training of SAI ICBF teams by the Secretariat will still need to be prioritised. Further, selected recurrent regional challenges are as follows:

- The UN resolutions and INTOSAI principles on SAI independence clearly state the need for an independent Auditor-General to execute their external public audit mandate effectively. However, it appears there is a lack of awareness or understanding of these internationally recognised principles and inadequate political support by the legislative and executive arms of government.

- While the constitutions of all our member countries make provision for the appointment of an Auditor-General, the independence principle is not always clearly spelt out. There are also SAIs with outdated audit legislation or re-drafted audit acts that have yet to be signed into law, often due to limited political support. This raises concerns about the extent to which improved accountability and transparency can be achieved.

- Administrative and financial autonomy is hampered as many SAIs still fall under the Public Service Commission (PSC), which restricts organisational development and staffing. At the same time, budgets are often cut or funds withheld.

- The independence of the Head of the SAI, including the appointment, security of tenure, and legal immunity in the regular discharge of their duties, is not always adequately prescribed or implemented consistently. Over the past few years, there have been indications of the Auditors-General being replaced after negative audit reports or findings pointing to wrongdoings by high-ranking government officials or politically connected persons.
- SAIs under the PSCs also experience situations where Deputy Auditors-General or other senior personnel are transferred suddenly to other Government Departments/entities in circumstances that are not transparent.
- The legal frameworks in eight countries in the region prescribe the establishment of boards to provide oversight and guidance on governance. There were instances where such boards were reported to have negatively affected the independence of the SAI because:
  - Board members (usually the chair) are often selected by a country's president without parliamentary involvement.
  - The board lacks clear mandates, roles, and responsibilities and therefore interferes with the statutory roles and responsibilities of the Auditor-General.
  - They are not established, lack operational funding or members are not appointed.
- SAIs must do more to be progressively professional, transparent, and accountable organisations. As such, SAIs are expected to establish efficient service delivery systems and optimise their resources. However, not all SAIs prepare and submit a report on their performance to parliament and/or other relevant bodies, while some submit a report through the Ministry of Finance and/or the President.
- Another area that relates to oversight and accountability is the appointment of the SAI's external auditors by parliament and/or another appropriate oversight body. Unfortunately, contrary to good corporate governance principles and practices, most SAIs that fall under PSCs still audit their financial statements.

Opportunities

It is a daunting task for individual heads of SAIs to elevate the principles of independence at the country level, and it may contribute to setting them up for failure. The following possible proactive initiatives to address these challenges at SAI, regional and continental levels can be considered:

At a continental level

- Continuous engagements with continental bodies to prioritise and elevate SAI independence and raise awareness of the challenges.
- Optimise using a regional independence ambassador to be a voice that articulates SAI independence issues.
- Conduct academic research on SAI independence to generate new knowledge on issues affecting SAI independence. A regional independence ambassador and SAI leaders can use this information when engaging country stakeholders.

SAI level

- Consulting with Public Account Committees, Public Service Commissions, and the Ministries of Finance on the UN resolutions and ISSAIs.
- Sensitise the Executive on the importance of SAI independence and its vital role as an effective and credible institution contributing to parliamentary oversight, transparency, accountability, and the ultimate fight against corruption.
- Engage external stakeholders, such as donors, development partners, the media and civil society organisations, to understand the importance of an independent Auditor-General.

At regional level

- Establish discussion forums where Auditors-General (current and former) can share experiences, knowledge, and practical solutions/approaches to independence challenges.

- Create a platform for SAI legal practitioners to share their role in supporting SAI independence.

- Highlight the emerging trend of challenges to SAI independence to stakeholders at both the global and regional levels, including national.

- Approach key continental role-players to prioritise the importance of SAI independence as a tool to promote the establishment of robust country-level accountability, good governance, and PFM systems.

- Engage with selected civil society organisations and donors and develop and implement initiatives to bring about awareness and change.

3.1.3 Conclusion

Independence is a huge responsibility and a privileged task undertaken on behalf of governments and citizens. As such, heads of SAIs must excel in their own accountability and transparency to the government and the citizens they serve. By publicly sharing organisational strategies and performance criteria, subjecting their performance outcomes to external scrutiny and public reporting on performance publicly to Parliament, heads of SAIs demonstrate that they understand the importance of being accountable and transparent as a 'price' they willingly pay for being allowed to function and report independently.

3.2 Domain 2: Organisation and Management

This domain covers quality management, organisational planning processes, and management tools relating to leadership, management information, governance, and internal control systems.

3.2.1 Progress in 2022

There was no significant progress in the domain. There are nine SAIs on level 3, one more than in 2021, as shown in Table 2. It is concerning that the average score of the nine SAIs on level 3 and above decreased by 11, 5% to 3.08 (2021: 3.48).

Table 2: Scores per grouping of SAIs above and below level 3

CBF development level	Number of SAIs		Average scores	
	2021	2022	2021	2022
Below level 3	18	17	2.62	2.60
Level 3 and above	8	9	3.48	3.08

The progress on this domain is of concern as five of the six domain elements fall below level 3. The only element above level 3 is strategic and operational planning, which marginally decreased in 2022.

Comparison of average SAI scores on six elements of Domain 2 from 2021 to 2022

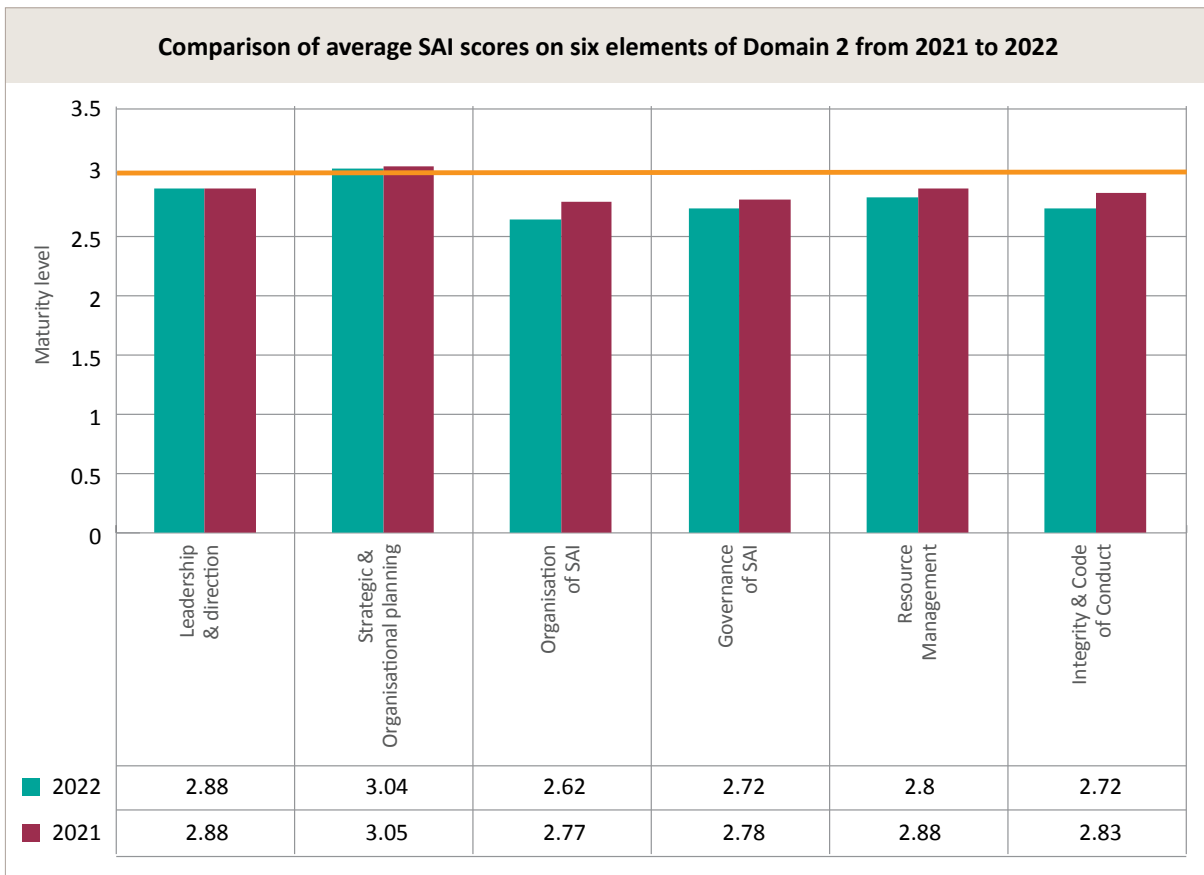|	Leadership & direction	Strategic & Organisational planning	Organisation of SAI	Governance of SAI	Resource Management	Integrity & Code of Conduct
2022	2.88	3.04	2.62	2.72	2.8	2.72
2021	2.88	3.05	2.77	2.78	2.88	2.83

Figure 5: The six organisation and management domain elements and average scores

3.2.2 Challenges and Opportunities

Challenges

The cross-cutting issues highlighted in Chapter 2, relating to leadership effectiveness, planning and implementation, are strongly linked to Domain 2.

Analysis of comments by SAIs shows that there were gaps and challenges across all six domain elements as follows:

- **Leadership direction and governance:** The effectiveness of SAI leadership is fundamental to ensuring consistent high performance of the SAI. According to element 1 in ISSA 140 (Quality Control for SAIs), the SAI should establish policies and procedures to promote an internal culture that recognises quality as essential in all its work. Further, the head of the SAI is expected to ensure and drive the establishment of robust governance systems and structures for the smooth operation of the SAI. For instance, 12 SAIs are still under level 3 and below within the leadership direction, while 16 SAIs are under level 3 for SAI governance.

- **Monitoring and evaluation mechanisms:** The results show a significant lack of capacity when it comes to establishing monitoring and evaluation frameworks and providing adequate capacity to staff the same. SAIs indicated the need for technical support in developing the relevant policy frameworks.

- **Integrity and Code of Conduct:** Seventeen SAIs are below level three in the ICBF element. It is concerning that 17 SAIs are below level 3 on this element. Further, most SAIs (16) do not regularly assess their vulnerabilities and resilience to integrity breaches using the IntoSAINT and/or similar tools. This is a significant weakness.

Opportunities

Most SAIs (24) have developed and implemented a strategic plan based on a needs assessment, a gap analysis, and a risk assessment to strengthen the institutional environment and contribute to achieving sustainable development goals (SDGs) and African Agenda 2063 goals. There are also 24 SAIs with documented operational plans aligned with the strategic plan.

SAIs can capitalise on the progress made in these areas by further building capacity to develop effective monitoring and evaluation frameworks. In addition, SAIs will benefit by creating peer teams to share knowledge and experience in development priority areas.

AFROSAI-E continues to support SAIs with building capacity in this area through the Management and Senior Leadership Development Programmes. In addition, we are developing a generic SAI governance and accountability framework and a strategic management framework.

3.2.3 Conclusion

The absence of comprehensive strategic management frameworks and systems and frameworks for quality management, risk management, monitoring and evaluation, and integrity and ethics remains concerning. SAIs should have well-structured systems and processes for the development and implementation of the following:

- Generic governance and accountability guidelines for SAIs
- Generic Strategic management framework
- Robust Quality Management systems by SAIs.
- Supporting SAIs to develop and implement risk management frameworks.
- Supporting SAIs to build their capacity to develop and implement monitoring and evaluation policies/frameworks.
- Supporting SAIs to develop and implement operational plans linked to budget, strategic goals, and objectives.
- Supporting SAIs to carry out mid-term reviews and new strategic plans.
- Supporting SAIs to develop and publicise their own annual performance reports.

3.3 Domain 3: Human Resources

Human Resources covers the management and development of SAI Staff, specifically on developing and implementing HR Strategies, interventions, plans, policies, and processes.

3.3.1 Progress in 2022

Effective staff management and development are critical to organisational change and development. It is essential to recognise that SAI progress in the other domains relies heavily on a skilled and motivated workforce. Although the overall scoring for the HR Domain remained practically unchanged in 2022, it's heartening to note that some SAIs improved their average HR scores. Fifteen SAIs demonstrated an improvement, with the SAIs of Mozambique, Liberia, Kenya, and Namibia among those that showed significant improvement. In 2022, the HR Domain results for the AFROSAI-E region revealed both positive and negative movements.

Eight SAIs have reached level 3. This shows that progress is being made in the region and highlights the potential for further growth and development.

Table 3: Scores per grouping of SAIs above and below level 3

ICBF development level	Number of SAIs		Average scores	
	2021	2022	2021	2022
Below level 3	17	18	2,37	2.44
Level 3 and above	9	8	3,37	3,43

Employee Life Cycle

HR management is crucial in attracting top talent, supporting staff through various initiatives that promote learning, development, recognition, and work-life balance, and gathering feedback to identify areas for improvement. By managing the employee life cycle effectively, SAIs can attract and retain top talent, promote employee engagement and job satisfaction, and achieve their strategic goals and mandates. The comparison of scores between the different HR domains in 2021 and 2022 below aims to determine whether there was an improvement or decline in the nine dimensions of the employee life cycle.
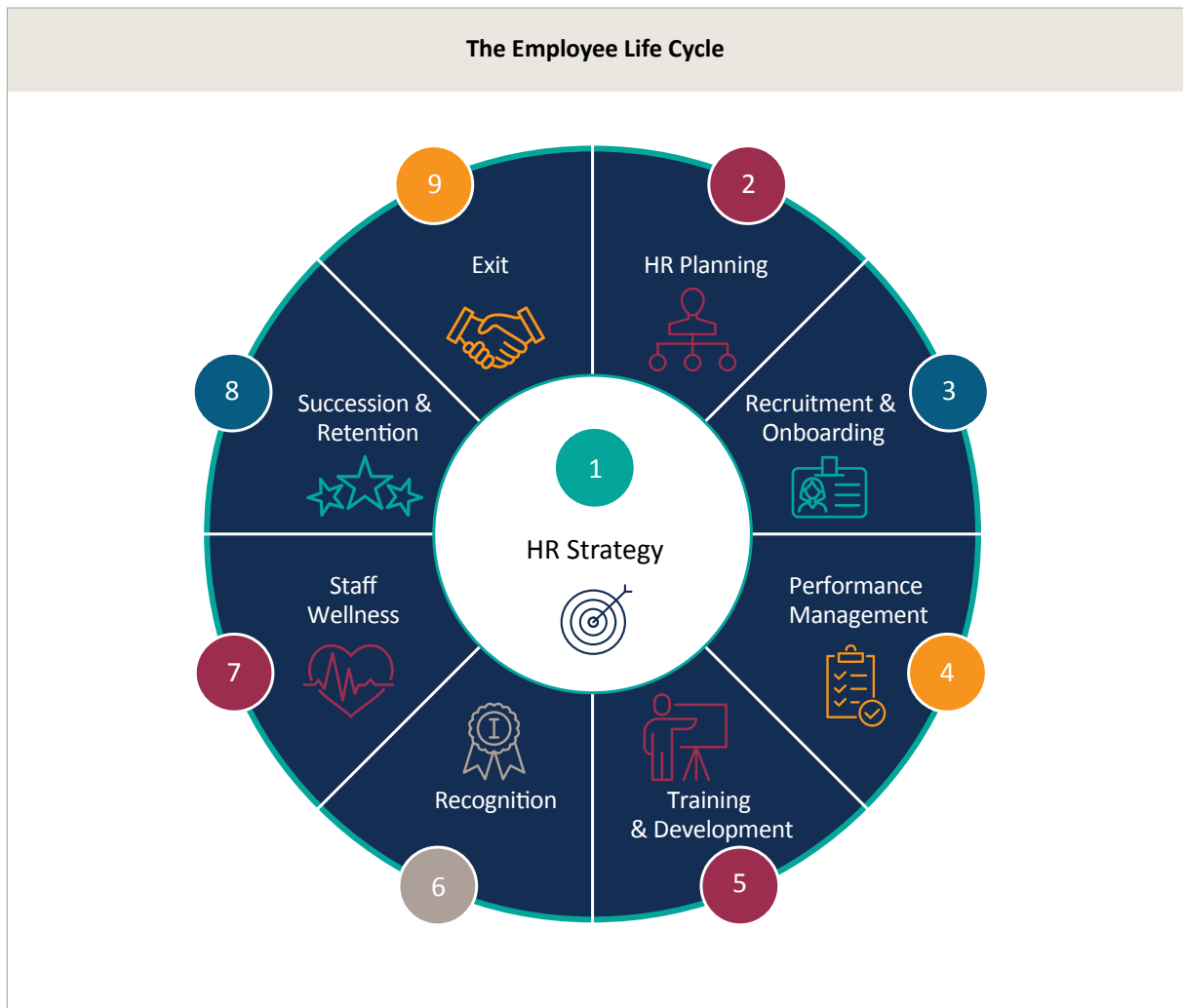
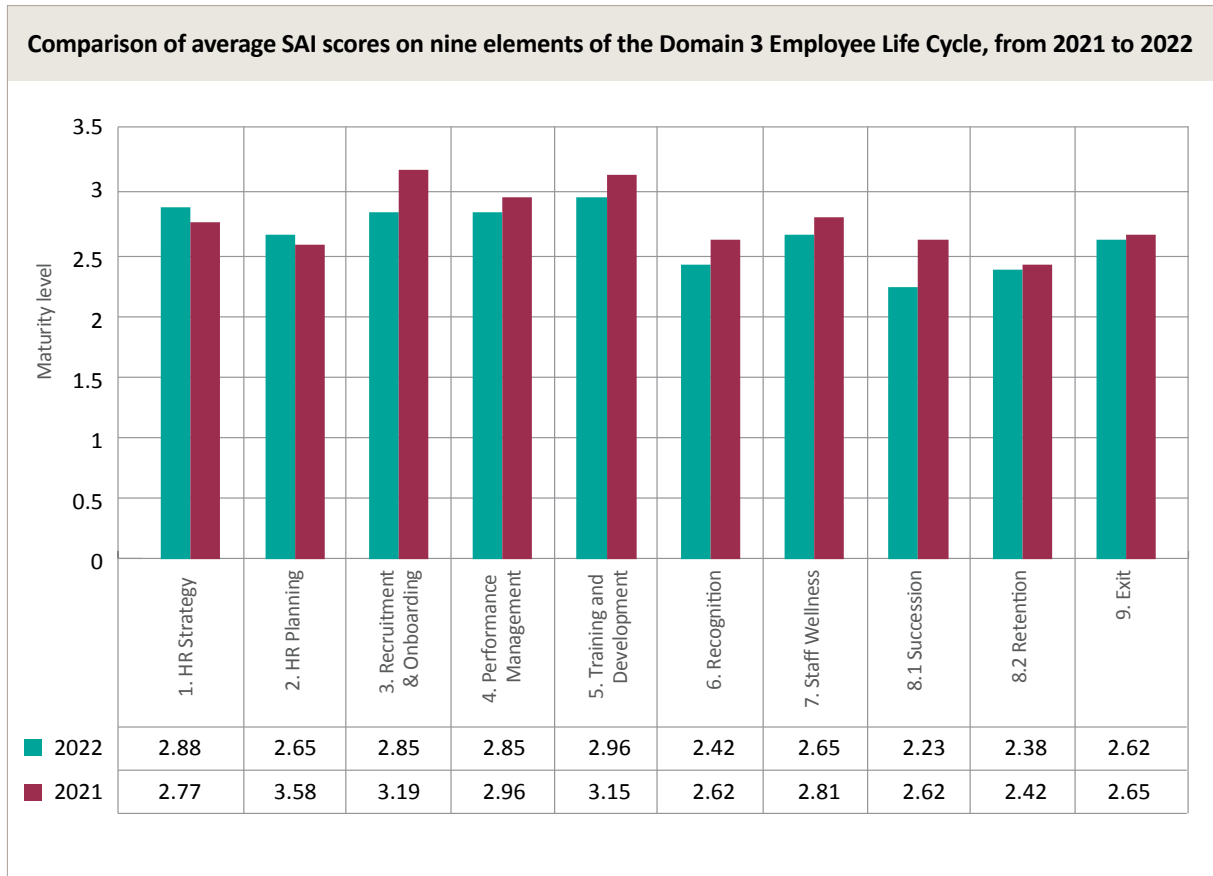

Figure 6: The Employee Life Cycle

Comparison of average SAI scores on nine elements of the Domain 3 Employee Life Cycle, from 2021 to 2022

	1. HR Strategy	2. HR Planning	3. Recruitment & Onboarding	4. Performance Management	5. Training and Development	6. Recognition	7. Staff Wellness	8.1 Succession	8.2 Retention	9. Exit
2022	2.88	2.65	2.85	2.85	2.96	2.42	2.65	2.23	2.38	2.62
2021	2.77	3.58	3.19	2.96	3.15	2.62	2.81	2.62	2.42	2.65

Figure 7: The nine domain elements of the employee life cycle and average scores

Table 4: Number of full-time HR staff at SAIs in the region and the ratio to the total staff compliment

Organisational capacity	2021	Ratio to total staff complement	2022	Ratio to total staff complement
Number of HR staff	338	**2,1%**	383	**2.3%**

As shown in Table 4, there is an increase in the number of full-time HR staff at SAIs in the region. This promising development shows that SAIs recognise the importance of managing their human resources effectively.

3.3.2 Challenges and Opportunities

Challenges

The following are the main challenges that SAIs face in effectively managing their human resources:

- Developing and implementing effective succession policies and processes that ensure the continuity of leadership and expertise within the organisation. SAIs should consider implementing mentoring and coaching programmes to transfer knowledge and skills to junior employees and prepare them for leadership positions.

- While there have been improvements, SAIs need to further strengthen the robustness of their knowledge management systems by investing in ICT and collaboration tools. Failing to do so can hinder sharing of institutional knowledge and best practices within and across SAIs. This often results in duplication of effort and missed opportunities for learning and improvement.

- Measuring the return on investment (ROI) in training and development is critical to justify investment in professional development and demonstrate such investment's impact on organisational performance. Therefore, SAIs should conduct regular evaluations and impact assessments of training and development programmes to measure their effectiveness and identify areas for improvement.

- SAIs face challenges in developing and implementing effective retention strategies that can attract and retain top talent.

- Recognition policies and processes are also essential for motivating and retaining employees. However, many SAIs struggle to develop and implement effective recognition strategies aligned with their organisational values and culture. For example, offering competitive compensation and benefits, flexible work arrangements, and other work-life balance initiatives can promote employee well-being and job satisfaction. In addition, SAIs should consider creating formal recognition programmes that align with organisational values and culture and provide public recognition and rewards opportunities.

- Unfortunately, many SAIs do not dedicate sufficient time and energy towards developing their management and leadership capacity. Therefore, there is a need for a more significant investment of time in leadership training and creating opportunities to develop the skills and competencies of current and future leaders.
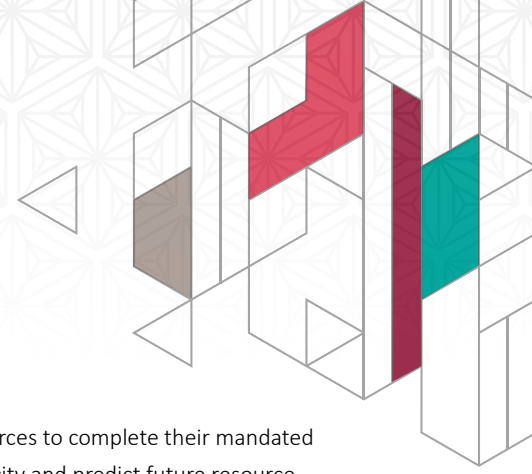
Opportunities

- *Resource planning (HR Planning).* To ensure that SAIs have the necessary human resources to complete their mandated audits and increase their audit coverage, SAIs could assess their current resource capacity and predict future resource needs based on their mandate, planned audits, and organisational goals. SAIs should structure their organisation to align with their strategy and have clear job profiles for each role within the SAI. This will ensure that the SAI has the correct number of auditors with the right skills to complete their audits effectively.

- *Effectively implementing Performance Management Processes.* SAIs can take several steps to improve the adoption and implementation of their performance management processes, including providing training and support to supervisors on their role in managing the performance and development of their staff, fostering a positive performance culture, involving all stakeholders in the performance management process, regularly reviewing and evaluating the process, and communicating performance expectations clearly to supervisors and staff. By doing so, SAIs can increase accountability and motivation among their staff and improve the quality of their audits.

- *Establishing and maintaining good relationships with important stakeholders such as the Public Service Commission and the Minister of Finance.* SAIs have the opportunity to build stronger relationships with the Public Service Commission and the Minister of Finance to explain their requirements in terms of resources and funds, advocating for more control over recruitment, level progression, performance management, and training processes to increase efficiency, and engaging with the public to build support for their work and promote accountability and transparency in government. By taking these steps, SAIs can become more effective, efficient, and impactful in their operations.

3.3.3 Conclusion

While progress has been made, there are still significant challenges that SAIs face in effectively managing their human resources. Addressing these challenges requires a concerted effort to develop and implement effective policies, processes, and systems that enable SAIs to attract, retain, and develop the best talent and to build the necessary management and leadership capacity to achieve their goals.

3.4 Domain 4: Audit Standards and Methodology

This domain covers all the audit types per the INTOSAI Framework of Professional Pronouncements.

3.4.1 Progress in 2022

The average domain score marginally increased to 2.86 from 2.81 in 2021: 2.81. The number of SAIs under level 3 increased to 17 SAIs. Conversely, the number of SAIs on level 3 decreased by one SAI to nine, as shown in Table 5.

Table 5: Scores per grouping of SAIs above and below level 3

ICBF development level	Number of SAIs		Average scores	
	2021	**2022**	**2021**	**2022**
Below level 3	16	17	2.48	2.57
Level 3 and above	10	9	3.33	3.39

There are four ICBF elements within this domain, as shown in Figure 6. There were marginal increases in the Audit Engagement Processes and Audit Standards and Quality Management elements. However, the average scores of the other two elements decreased.
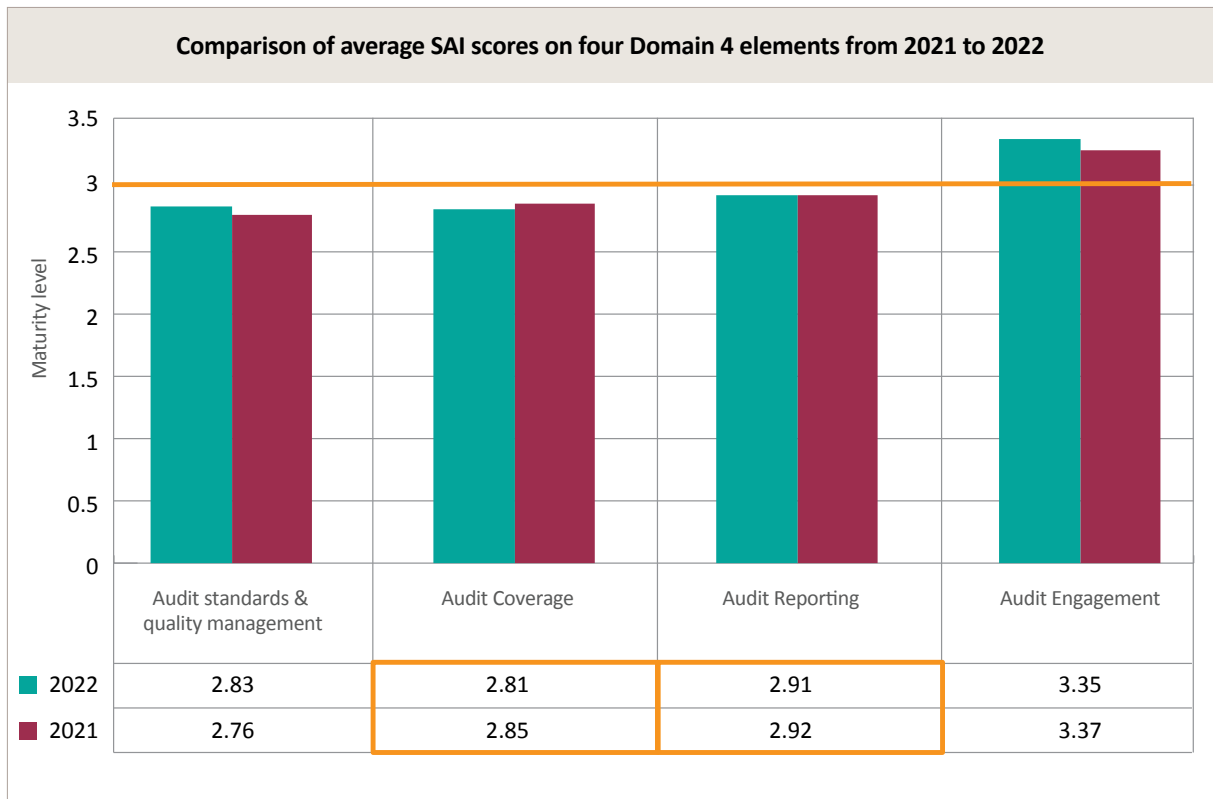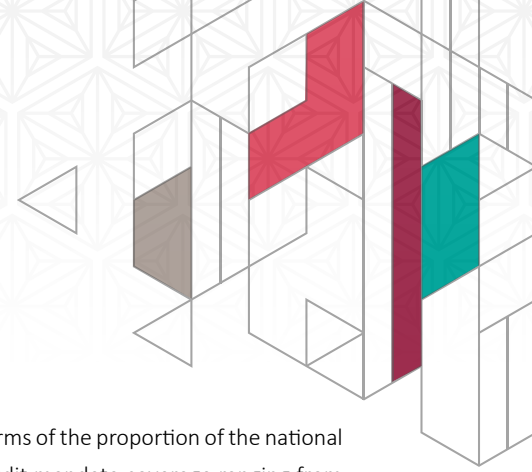
Figure 8: The four elements of the audit standards and methodology domain

The element of **Audit Coverage** is currently the lowest-scoring element in this domain. In terms of the proportion of the national budget covered by audits, only 42% of SAIs reported satisfactory performance, with an audit mandate coverage ranging from 75% to 99% for financial/compliance audits. In sum, the SAI's yearly audit coverage (financial/combined) as a percentage of national budget expenditures audited decreased by 2.6% in 2022.

Table 6: Regional snapshot of audit coverage in 2022 compared to 2021

Audit mandate and capacity	2021	2022
Number of financial and compliance audits mandated	32 606	33 375
Number of financial and compliance audits conducted	13 311	13 070
% of mandated audits completed	41%	39%

We have noted that the SAI's annual Information Systems audit coverage, as a percentage of the critical national information systems, increased by 4%. However, 38% of the SAIs registered no change, or unsatisfactory performance, which were below level 2. Only five SAIs are auditing at least 75% of national IT/IS systems.

The proportion of SAIs' annual information systems audit coverage had 10 SAIs below satisfactory levels. Our attempts to incorporate IS audits into the financial and compliance audits have continued. It is also encouraging that the annual audits of the Integrated Financial Management Information Systems (IFMIS) by SAIs, which has increased from 15 to 16 from the previous year.

With the number of IS auditors remaining practically unchanged and IFMIS audits increasing, there may be a question about the depth of these annual audits. The percentage coverage of critical systems, however, remains low,

Table 7: Regional snapshot of IT audit coverage and staff capacity in 2022 compared to 2021

IS auditing	2021	2022
Number of IS audits conducted	438	689
Number of IS auditors	329	332

SAIs have made progress toward adopting the **Financial Audit (FAM) and Compliance Audit (CAM)** methodologies. Twenty-three SAIs have adopted the FAM/CAM methodology, and 21 have customised manuals for their environments. However, we noted some overscoring in this regard, and internal and external obstacles still prevent complete adoption.

The financial reporting framework, one of the important requirements for auditing financial statements, is still challenging to implement rapidly, affecting the ability of entities to prepare and submit financial statements timely. Staff turnover at the SAI level continues to be one of the internal issues holding back execution. Eighteen SAIs are reporting timely in terms of the statutory requirements. However, we noted the underscoring in this regard.

Table 7 provides a snapshot of the operational context of SAIs in the region regarding audit capacity.

Table 8: High-level regional context on SAI audit staff capacity

Audit mandate and capacity	2021	2022
Number of full-time financial and compliance auditors	9 673	11 655
Number of auditors with professional audit qualifications	4 359	4 708
% of audit staff with professional audit qualifications	45%	40%

Quality control at the engagement level remains challenging, as evidenced by the quality assurance reviews. Lack of review or evidence of level three reviews as the ultimate owner of the audit poses a risk of non-adherence to quality audit standards. There is an urgent need for level three reviewers to take accountability for the audits allocated to them and use the quality assurance unit as a second line of defence instead of a first-line defence. The clear split between quality control and quality assurance will enable the SAIs to monitor compliance, using the latter as a monitoring tool rather than as part of the audit process.

The number of SAIs using an **audit management system** has increased from 10 to 12. Although there is some overscoring and underscoring in this area, SAIs are making efforts to automate by implementing A-SEAT and other in-house developments or products. We expect to see this trend increase.

Notably, the number of IT support staff employed by the SAIs full-time has decreased from 255 in 2021 to 226 in 2022 (Table 8). The reduction has also been seen in SAIs that are currently or have been identified for A-SEAT implementation. Six SAIs have adopted the A-SEAT, and three more have planned deployment in 2023. This is an area that SAIs will have to look at to ensure sustainable support of SAI process automation and increase the use of CAATs.

Table 9: High-level regional context on SAI ICT support staff capacity

Organisational capacity	2021	Ratio to total staff complement	2022	Ratio to total staff complement
Number of ICT support staff	255	**1,6%**	226	**1.4%**

A three-year comparison of the performance of SAIs regarding the completion of **Environmental and Sustainability Assurance audits** shows that the number of SAIs producing audits has reduced. The aim is to have SAIs produce at least one environment audit annually. We acknowledge, however, that some SAIs produced performance audits with environmental perspectives and not stand-alone audits.

In 2022, no SAIs reported on the progress of SDG achievements to their national assemblies. This is compared to 16 SAIs in 2020 and 17 in 2021. Reasons given by some SAIs for not reporting separately was that sustainable development goals (SDG) issues were incorporated in their mandatory SAI reports to the national assemblies. We are supporting SAIs in integrating the SDGs into the various methodologies to enable them to measure progress and report on SDG implementation. In addition, we encourage SAIs to participate in regional SDG-related coordinated audits to build staff capacities and contribute to the overall aim of achieving the SDGs.
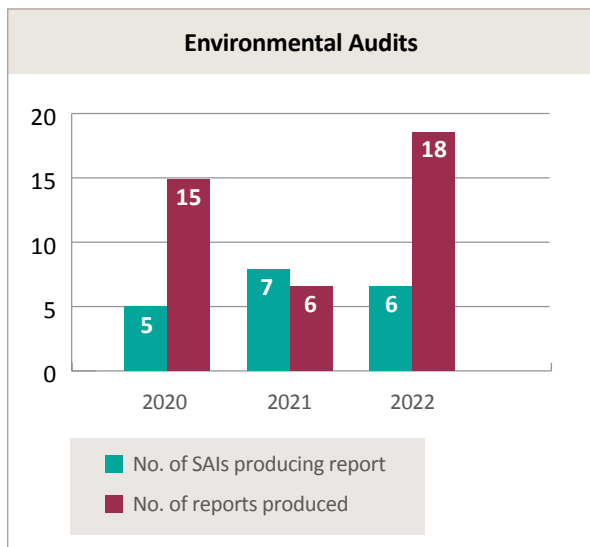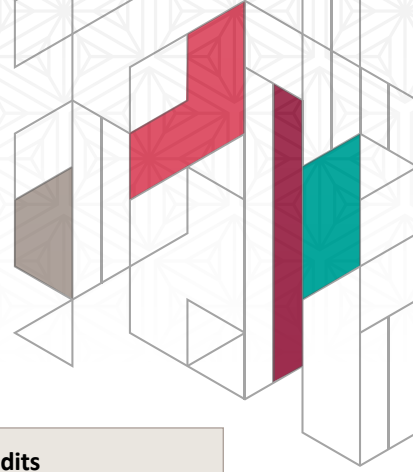
Figure 9: Number of SAIs producing Environmental Audit reports and number of reports produced
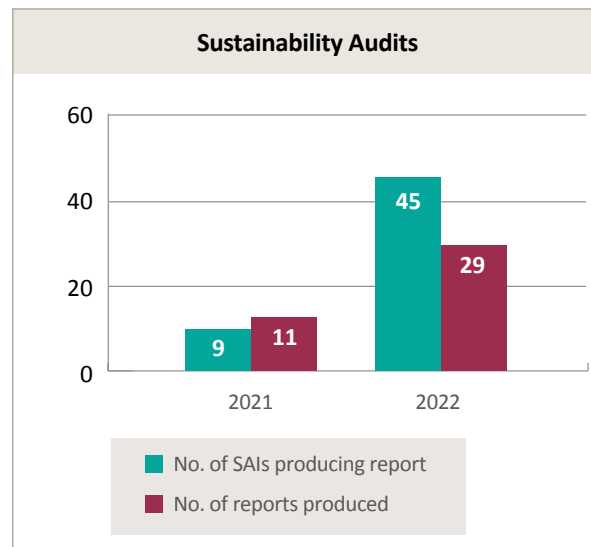

Figure 10: Number of SAIs producing Sustainability Audit reports and number of reports produced

In 2022, there was a 9% increase in the number of **performance audit reports** produced in the region. Notably, the average time it takes to complete and publish a performance audit engagement in the region had decreased significantly to 12 months. This is compared between 12 and 24 months in 2021. However, it is concerning that seven SAIs could not submit their reports to the legislature or the equivalent body. Five SAIs reported issuing no reports, while two did not name the number of PA reports issued during the same time frame.

Notably, the score regarding SAIs with a **mandate to conduct performance audits** had improved to 3,35, compared to 3,27 in 2021. Only one SAI reported a performance audit mandate as a challenge.

The number of full-time performance auditors progressively climbed to 686 in 2022, down from 665 in 2021 (Table 9). However, the turnover in performance audit staff because of limited **career progression** opportunities is still a concern. Unfortunately, SAIs have yet to recognise professional associations of performance auditors outside of the traditional chartered accountancy. This limits the prospects for advancement and employee development opportunities for SAI performance auditors afforded to their financial and compliance audit counterparts. This is a crucial area for SAIs to consider in developing or adapting their retention policies and processes. Significant further efforts are needed to find avenues for recognising professional accreditation of performance auditors in the region.

Table 10: High-level regional context on SAI performance audit capacity

Performance auditing	2021	2022
Number of PA audits conducted	114	124
Number of PA auditors	665	686

3.5   Domain 5: Communication and Stakeholder Management

This domain covers SAI engagement with internal and external stakeholders.

3.5.1 Progress in 2022

The average domain score dropped marginally to 2.72 this year (2021: 2.76). The number of SAIs on level 3 dropped to seven from eight in 2021.

Table 11: Scores per grouping of SAIs above and below level 3

ICBF development level	Number of SAIs		Average scores	
	2021	**2022**	**2021**	**2022**
Below level 3	18	18	2,49	2,48
Level 3 and above	8	7	3,38	3,38

There was a marginal increase in engagements with Parliaments and PACs, but this is not significant enough to show that SAIs engaged effectively with their stakeholders. The same applies to increased communication with auditees, experts, PAOs, internal auditors and sector institutions.

The decrease in SAIs with Communication and Stakeholder Engagement (CSE) Strategies and Implementation Plans (2.85 compared to 3.18 in 2021) shows that engagements were not necessarily strategically driven. This is supported by the fact that the average scores for monitoring and evaluating the effectiveness of engagements, reporting on stakeholder satisfaction, and the percentage of implemented recommendations also decreased.
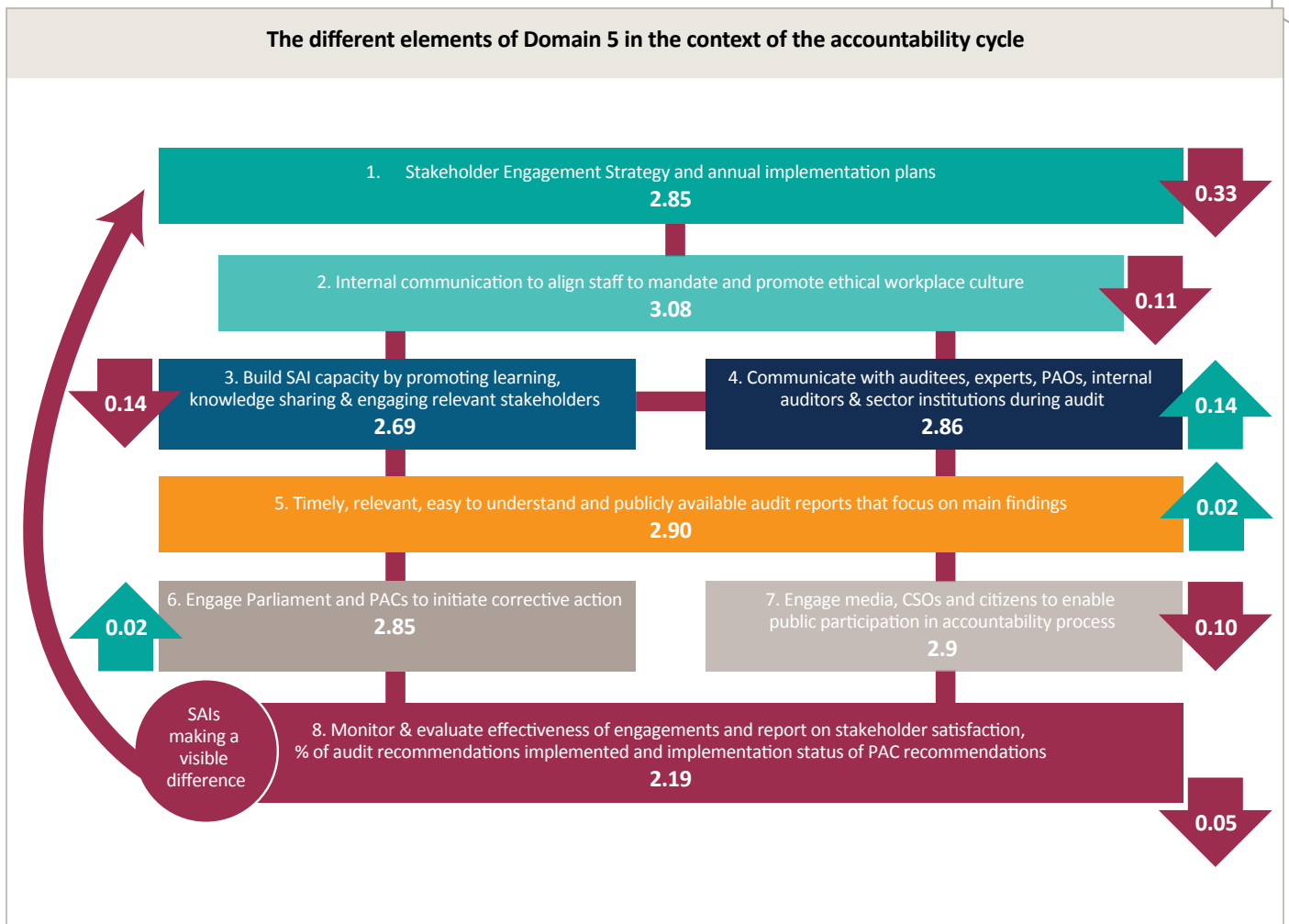
The different elements of Domain 5 in the context of the accountability cycle

1. Stakeholder Engagement Strategy and annual implementation plans
2.85 → 0.33

2. Internal communication to align staff to mandate and promote ethical workplace culture
3.08 → 0.11

3. Build SAI capacity by promoting learning, knowledge sharing & engaging relevant stakeholders
2.69 0.14

4. Communicate with auditees, experts, PAOs, internal auditors & sector institutions during audit
2.86 0.14

5. Timely, relevant, easy to understand and publicly available audit reports that focus on main findings
2.90 0.02

6. Engage Parliament and PACs to initiate corrective action
2.85 0.02

7. Engage media, CSOs and citizens to enable public participation in accountability process
2.9 0.10

SAIs making a visible difference

8. Monitor & evaluate effectiveness of engagements and report on stakeholder satisfaction, % of audit recommendations implemented and implementation status of PAC recommendations
2.19 0.05

Figure 11: The different elements of Domain 5 in the context of the accountability cycle

3.5.2 Challenges and Opportunities

Challenges

- Six SAIs indicated that their CSE strategies are either in development or not yet approved by management. The same seems to be true for implementation plans. While engagements occur, they may not be adequately tracked to the plans and strategy. This affects the SAI's ability to effectively monitor and evaluate the engagements and take corrective actions where needed.

- A low-scoring question in this domain is whether SAIs have systems to monitor and evaluate the effectiveness of their CSE strategies and plans (2.31). To improve this area, SAIs should ensure that the CSE objectives align with the SAI strategic goals and include realistic and measurable indicators.

- While the number of permanent communication staff increased to 104 (Table 11), several SAIs still lack full-time communication capacity. However, if a comprehensive CSE strategy is in place with actionable implementation plans, then even rotational staff should be able to discharge their roles effectively.

- Unfortunately, full-time communication staff are not always optimally used to strategically drive stakeholder engagements. Therefore, it is crucial that SAIs empower and capacitate their communication experts to play an integral role in guiding and implementing the CSE strategy.

Table 12: High-level regional context on SAI communication staff capacity

Organisational capacity	2021	Ratio to total staff complement	2022	Ratio to total staff complement
Number of Communication staff	97	**0,6%**	104	**0.6%**

Opportunities

- SAI leadership should prioritise and facilitate the implementation of the CSE strategy and plans and encourage the inclusion of communication staff in engagements with all stakeholders, including the preparation phase. In addition, including communication staff in the report writing process will also be an advantage to producing simple, clear and relevant reports. This will also enable said staff to develop relevant and concise key messages to share with PACs, media and CSOs.
- We have introduced a range of new guidance for SAIs on developing CSE strategies, plans and policies. In addition, SAIs can access training material online on crisis communication, digital communication channels, and plain language for effective report writing.

3.5.3 Conclusion

Although the results in this domain have decreased, we note the increased demand for training and capacity building in communication and stakeholder engagement. This is a positive sign that SAIs recognise the importance of this domain and its crucial role in helping achieve the SAIs' strategic goals and objectives.

4. OVERVIEW OF
THE ICBF METHODOLOGY

4. OVERVIEW OF THE ICBF METHODOLOGY

SAIs play a vital role in facilitating accountability of governments to the legislature, and the public for their stewardship of public funds, thus helping to ensure the transparency of government operations. SAIs are uniquely suited to provide independent views on the quality of public sector management, the extent to which the executive branch of government is operating within the law and the effectiveness of its public financial management systems.

It is, therefore, critical that SAIs develop their professional and institutional capacity to fulfil their mandates most efficiently and effectively. The ICBF provides information and insights to enable the following:

General self-assessments by SAIs to identify areas of improvement and how they can achieve them from an institutional perspective (own capacity building). This will provide information to management to guide their strategies and track progress against planned initiatives.

Benchmarking against other SAIs. SAIs already on level 3 should assist SAIs that are still below target.

The Secretariat to better understand the needs in the region and allow for the development of learning interventions in a responsive way.

Development partners and donors using information when engaging with SAIs to better understand SAI requirements and focusing on bilateral agreements.

4.1   Domains and Levels

The five ICBF domains comprise elements necessary to build a well-performing SAI. Moreover, the domains and elements are interrelated; for example, communication is a cross-cutting issue for independence, human resources, and implementation of audit standards.
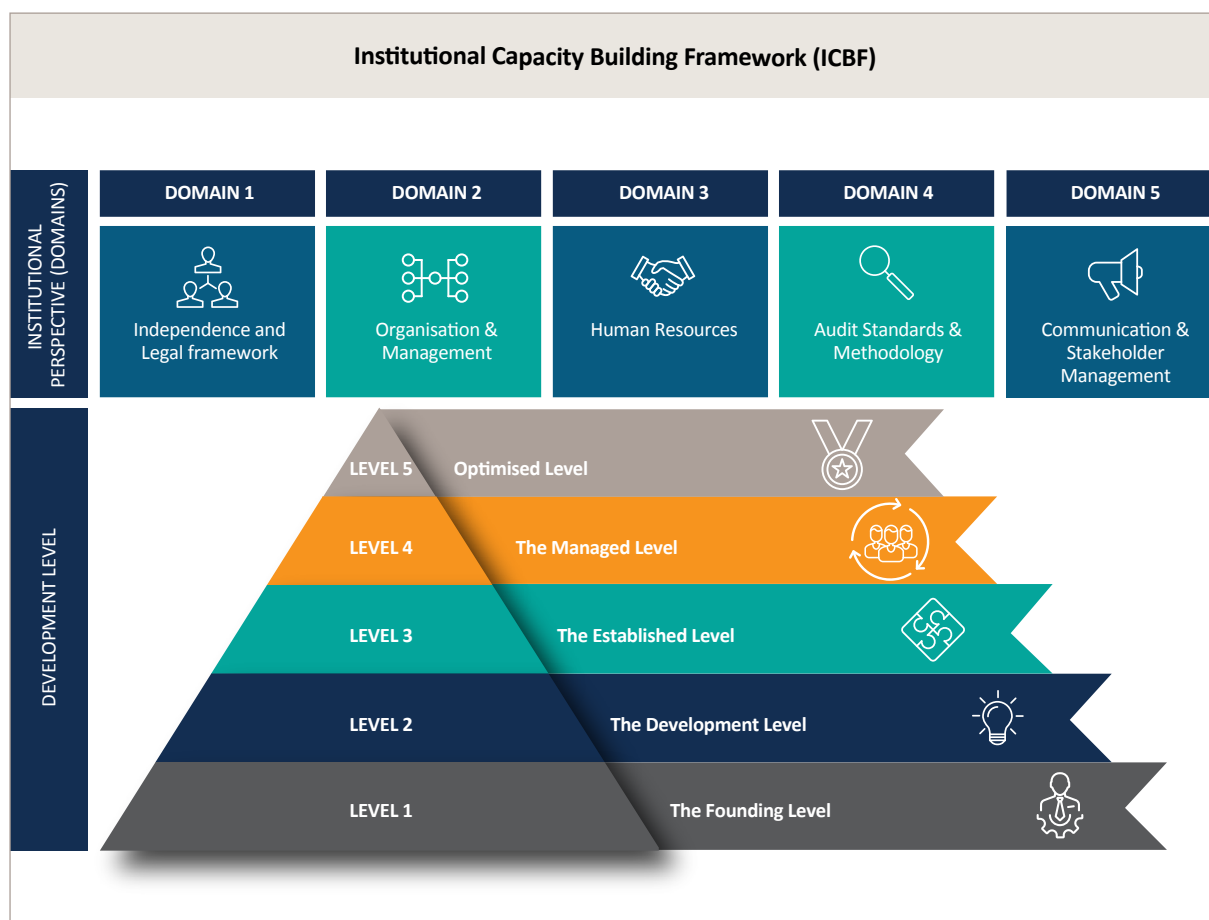
4.1.1 Independence and Legal Framework

This domain considers if the SAI has operational, financial and administrative independence stipulated in the law(s), as well as whether the independence of the head of the SAI and staff are guaranteed in the same laws.

The nine elements for the independence and legal framework cover the principles of the Lima Declaration (INTOSAI P-1) and Mexico Declaration (INTOSAI P-10) and include:

- An appropriate and effective constitutional/statutory/legal framework.
- Independence of the head of SAI, including the security of tenure and legal immunity in the normal discharging of their duties.
- A sufficiently broad mandate and full discretion in discharging SAI functions.
- Unrestricted access to information and confidentiality.

- The right and obligation to report directly to parliament, including deciding on the content and timing of audit reports and publishing and disseminating them.
- Effective follow-up mechanisms on SAI recommendations and those of the legislature.
- Financial independence of the SAI and the availability of appropriate monetary resources.
- Managerial/administrative autonomy and the availability of appropriate human and material resources.
- Oversight and accountability mechanisms of the SAI.

Best practices worldwide recognise and argue for the independence of heads of SAIs and their staff as a cornerstone for ensuring the credibility of the audit services they provide, which include effective external assurance on the functioning of the public finance management systems and related accountability mechanisms. SAI independence is a key enabler for heads of SAIs and their staff to operate without fear, favour or prejudice. Furthermore, it enables SAIs to continuously optimise their relevance to their governments and citizens by providing objective and professional audit advice and support to the executives and legislatures representing these same citizens.

4.1.2 Organisation and Management

This domain is based on the principles of the Value and Benefits of SAIs (INTOSAI P-12), Transparency and Accountability of SAIs (INTOSAI P-20), INTOSAI-P 50, ISSAIs 100, 130 and 140, including appropriate organisational and management tools. The INTOSAI principles and ISSAI 140 encourage SAIs to become model organisations by establishing and maintaining appropriate quality management systems which cover all their work.

The head of the SAI, who retains overall responsibility for the system of quality assurance, is expected to establish appropriate organisational policies, structures, systems, and processes to:

- Ensure that the SAI and its personnel comply with professional standards and applicable legal and regulatory requirements.
- Produce high-quality audit services that add value and promote the efficient and effective allocation and use of resources in the public sector.
- Manage the SAI's resources efficiently and effectively to avoid waste.
- Account to the public, media and parliament for the resources committed to the SAI.

4.1.3 Human Resources

Human Resources covers the management and development of SAI Staff, specifically on developing and implementing HR Strategies, interventions, plans, policies, and processes.

The need to monitor, evaluate and report on the effectiveness of HR policies and procedures within the SAI is critical. It covers recruitment, induction, retention, recognition, performance management, training, career development and staff wellness.

Human capital is the most valuable resource in any organisation. A strategically positioned HR function enables a SAI to anticipate change and leverage audit capacity for greater efficiency and effectiveness. Domain 3 explicitly covers the development and implementation of:

- An HR strategy aligned with the strategic and annual operational plan.
- An integrated competency framework.
- Training and professional development.
- Recruitment, induction, performance management, staff wellness, gender, retention, succession, and exit policies.
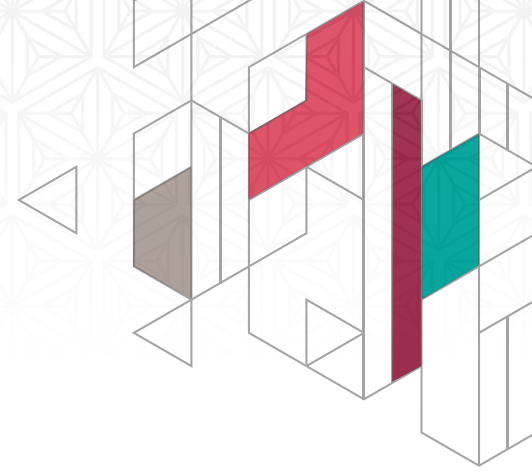
4.1.4 Audit Standards and Methodology

SAIs are expected to develop, implement and maintain appropriate, up-to-date ISSAI-compliant audit tools like manuals, guidelines, and templates – per their mandate and national legislative requirements.

Implementing ISSAI-compliant audit tools is only effective if it is supported by policies, systems and processes that recognise the importance of delivering quality audit services.

The domain includes areas related to internal and external quality assurance, the use of electronic working papers, and computer-assisted audit techniques. As auditing is the core function of the SAI, domain 4 is intricately linked with elements in the other four domains, such as the follow-up of audit recommendations and the user-friendliness of the audit reports.

All the audit types are covered in this domain as per the ISSAIs and include:

- Audit planning, capacity, risk assessments and audit coverage.
- Audit manuals aligned to international standards, which are reviewed and updated regularly.
- Audit manuals connected to learning programmes.
- Quality assurance measures and quality assurance (internal and external).
- Audit techniques include electronic working papers and computer-assisted audit techniques.

4.1.5 Communication and Stakeholder Management

This domain relates to SAI engagement with internal and external stakeholders to support oversight, good governance and public participation in the accountability cycle.

Elements of this domain include stakeholder engagement strategies and plans that support the strategic goals and mandate of SAIs. It also covers processes and channels of communication with parliament, the public accounts committee, the judiciary, the media, civil society organisations and citizens.

This domain links with the other four domains related to SAI performance and the results of audits. It also includes elements related to communication during the audit process, the user-friendliness of audit reports, stakeholder satisfaction with the SAI and its products, and the implementation of audit recommendations.

4.2   Targets

The INTOSAI principles, international standards of supreme audit institutions (ISSAIs), and other global and regional best practices are used as benchmarks against which development and performance across the five domains are measured. The target is to reach the established level (level 3) and, ideally, the optimised level (level 4) within each of the five domains.

AFROSAI-E	African organisation of English-speaking supreme audit institutions
CAATS	Computer-assisted audit techniques
CAM	Compliance audit manual
COVID-19	Coronavirus disease 2019
CSE	Communication and Stakeholder Engagement
CVA	Culture values assessment
FAM	Financial audit manual
HR	Human resources
ICBF	Institutional capacity-building framework
ICT	Information and communications technology
IDI	INTOSAI development initiative
INTOSAI	International Organisation of supreme audit institutions
IntoSAINT	INTOSAI self-Assessment integrity tool
IS	Information systems
ISSAI	International standards of supreme audit institutions
PAC	Public accounts committee
PA	Performance audit
PAM	Performance audit manual
PAP-APP	Accelerated peer support partnership programme
PFM	Public financial management
QA	Quality assurance
QC	Quality assurance
SAI	Supreme audit institution
SAINT	Self-assessment integrity
SDG	Sustainable development goal

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