

2016 AFROSAI-E Prize – Jury Report

This jury report on *the Prize for the best performance audit report in the AFROSAI-E region in 2016*¹ is focused on the qualities of the winning report. This report is made public. The jury also submits written comments on all other nominated and assessed reports. These comment reports will be presented to the respective SAI, and will not be made public. Since the first performance audit report was awarded the prize for 2008, 68 reports from 14 different SAIs have been considered in the competition.

1. The Prize - introduction

The purpose of the Prize is to promote the development of performance audit within the AFROSAI-E region by sharing experiences and benchmarking good practices in performance audit, but also to highlight the efforts made by performance auditors.

This year each SAI within the AFROSAI-E region was invited to nominate two reports. At the AFROSAI-E Secretariat, formal scrutiny of the nominated reports was undertaken to make sure the reports fulfilled the requirements stipulated – such as completion within previous 12 months. No assessment of the quality is made by the Secretariat.

2. The jury

The quality of the performance audit reports has been assessed by an international jury of four members: one member each from SAI Netherlands, SAI Norway and SAI UK, and chairman from SAI Sweden. All the members of the jury are from a SAI involved in bilateral co-operation with members of AFROSAI-E. Members of the jury are:

- *Lise Styrk Hansen*, Office of the Auditor General Norway, Assistant Director General
- *Jeroen Freriks*, the Netherlands Court of Audit, Performance Auditor
- *Jeremy Weingard*, UK National Audit Office, Audit Principal, Practice and Quality
- *Göran Hyltander*, Swedish National Audit Office, Director, Chair

The jury's work has been carried out solely by reading the reports². The reports have been assessed with reference to *International Standards for Supreme Audit Institutions (ISSAI)* and their reflection in the AFROSAI-E model for quality assurance.

3. Nominated reports

Seven nominated audit reports passed the formal scrutiny at the AFROSAI-E Secretariat, namely:

- PERFORMANCE AUDIT REPORT on ASSESSMENT OF THE MANAGEMENT OF GREEN SCHOOL AND COMMERCIAL TREE GROWING PROGRAM from the Auditor General of Kenya,
- PERFORMANCE AUDIT REPORT on OPERATIONALIZATION OF CONSTITUENCY INDUSTRIAL DEVELOPMENT CENTRES from the Auditor General of Kenya,
- PERFORMANCE AUDIT REPORT on MOVING TOWARDS RENEWABLE ENERGY – SOLAR WATER HEATER GRANT SCHEME from the National Audit Office of Mauritius
- PERFORMANCE AUDIT REPORT on THE HYGIENE CONTROL IN MEAT PRODUCTION PROCESS from the National Audit Office of Tanzania,

¹ “The prize for the best performance audit report in the AFROSAI-E region” was launched in 2008 by the organisation with support from the Swedish National Audit Office

²Jeroen Freriks was assisted by Ms Marloes Kingma, performance auditor at Netherlands Court of Audit.

- PERFORMANCE AUDIT on THE IMPLEMENTATION OF STRATEGIES FOR MANAGING AGRICULTURAL CROP PEST AND DISEASES OUTBREAKES IN TANZANIA from the National Audit Office of Tanzania,
- REPORT on FINANCING OF LOCAL GOVERNMENTS IN UGANDA THROUGH CENTRAL GOVERNMENT GRANTS AND LOCAL GOVERNMENT REVENUES from the Auditor General of Uganda,
- REPORT on MANAGEMENT OF PROCUREMENT AND DISTRIBUTION OF ESSENTIAL MEDICINES AND HELTH SUPPLIES BY NATIONAL MEDICAL STORES from the Auditor General of Uganda,

4. Quality Criteria

Criteria used by the jury when assessing the performance audit reports are described in the terms and conditions for the Prize³. They are:

- ✓ After assessing the significance and managing the risk of inappropriate audit findings or reports not adding value, the SAI issues a report on the economy and efficiency with which resources are acquired and used, and the effectiveness with which objectives are met – referring to the audit standards used.
- ✓ The report is complete, for example meeting the following sub-criteria: “includes all information needed to address the audit objective and audit questions, and sufficiently detailed to provide an understanding of the subject matter and the findings and conclusions” as well as the audit design (objective, questions, criteria, methodology, and any limitations to the data used).
- ✓ The findings (when appropriate complemented by analyses of causes and consequences) are material, for example meeting the following sub-criteria: based on sufficient appropriate audit evidence, clearly answer the audit questions or explain why this was not possible, explain how performance is hampered, put into perspective and are congruent with the audit objective, questions and conclusions.
- ✓ The report includes conclusions (clearly distinguished from findings), for example meeting the following sub-criteria: conclude against the audit objective, linked to questions and findings, supported by sufficient and appropriate audit evidence.
- ✓ The report contributes to better knowledge and highlights improvements needed, for example meeting the following sub-criteria: recommendations when provided are constructive, are likely to significantly improve performance, address the causes of problems/weaknesses (without taking over management’s responsibility), are linked to the audit objective, findings and conclusions, and are clear, practical and addressed to the entities responsible for taking initiatives.
- ✓ Before issuing the report, the audited entities (and possibly other parties directly affected) were given the opportunity to comment on the audit findings, conclusions and recommendations; correcting errors and documenting changes made or not made to the draft report.
- ✓ The report is constructive and convincing, as it is logically structured and presents a clear relationship between the audit objective, criteria, findings, conclusions and recommendations; is timely; reader-friendly and as clear and concise as the subject matter permits, and contains unambiguous language; and balanced, addressing all relevant arguments).

The quality criteria have been transformed by the jury into questions for making the selection effectively. The questions are based on the condition that the jury has access to the audit reports only. Hence, the assessment made by the jury does not cover every important aspect of quality, such as examining the underlying evidence base.

³ The description of the Prize is given in the 2015 invitation letter from AFROSAI-E, also published on its website.

Each member of the jury carries out a separate initial assessment of each report. After this first phase the respective assessments are compiled, compared and discussed within the jury. Finally the jury selects a prize-winner.

5. Assessment

This year, the ninth year of the Prize, seven nominated reports from four different SAIs were accepted by the Secretariat. The jury would like to acknowledge the hard work done by each of the auditors producing the seven competing reports. We also acknowledge the Auditors General responsibility for their enhancement of the further development of performance auditing within the AFROSAI-E region.

The competition has become stronger and stronger. The assessment has been more and more difficult. This year's submissions are on level of continued good quality of the performance audits produced. The judgement of the jury is unanimous.

The winner of the Prize for 2016 is a performance audit report from the SAI Tanzania:

A PERFORMANCE AUDIT REPORT on THE HYGIENE CONTROL IN MEAT PRODUCTION PROCESS carried out by the audit team January K. Kikunda, Asnath Mugassa and Yuster Salala.

Comments on the winning report from the SAI of Tanzania

The report is very well designed and well executed on an important topic for the public. It covers the whole chain of responsibility, including responsibility for local authorities. The audit scope, objectives, methods, findings and conclusions are congruent. The findings are very clear and based on firm audit evidence such as appropriate quantitative data, excellent use of physical observation for the efficacy of the existing meat inspectors, and comparisons of how each Ministry manages hygiene control. Public statistics and research are also used to verify audit findings. The report makes a good analytical attempt to identify the causes of problems, such as conflicts of interest at the local level. The report is really convincing as a performance audit with an analytical compliance approach on hygiene level in slaughterhouses, and is strengthened by the use of outside expertise. The report is of clear value to Parliament.

A possible area of audit development, based on the reading of this report, is to refine the analysis and recommendations by examining the extent to which the size, type and activity level of a facility is a significant factor in how well it performs. Another area of development to consider in future reports is to extend the analysis by using the deep knowledge acquired during the audit to discuss, where appropriate, need of improvements or amendments of the systems in place, regulations, coordination mechanisms, and distribution of assignments as the basis for recommendations.

Overall comments on the seven reports competing for the 2016 Prize

The general quality of the reports has increased this year. The jury had a bigger challenge than in previous years in deciding on the best report. Some reports, such as the ones from Kenya and Mauritius, featured strong findings prominently, while others, such as the reports from Uganda and Tanzania, also contained interesting new audit issues and new methods.

The reports generally included very good arguments for the auditing of important central government issues of varying sizes. Naturally, most reports had a basis in some form of compliance approach, though increasingly the reports included more analysis to identify the reasons for default or noncompliance. The basic compliance audit has been quite rare in the competition in the last few years, which is good, as such reports give Parliament very little guidance on what to do or how to direct government to amend systems and regulations.

Some reports are focusing on analysing the quality of pre-conditions for effective performance (such as budgeting, planning and follow-up) which is also often of importance. In several reports this year physical inspection was used in an excellent manner to verify findings.

The whole chain of accountability was addressed more than in previous years, so recommendations were, where relevant, addressed simultaneously to the responsible government ministries as well as to the relevant authorities/management bodies. Confirmation from the auditee was fairly common this year; all but two reports included a description of the comments from the auditee. External quality assessment, which also enhances the credibility of the audit, is however still only implemented by a single SAI. Some reports enhanced their audit approach by using evaluative criteria based on good practice or best practice rather than purely on compliance with legislation. Such criteria also give the SAI a better opportunity to analyse whether the current legislation is leading to the intended outcomes.

A general area of development is to now use the deep knowledge acquired during the audit to identify the reasons for shortcomings, defaults and noncompliance and, where relevant, be better able to generally recommend amendments and improvements of the systems in place, regulations, coordination mechanisms, and distribution of assignments. Similarly, SAIs could use knowledge acquired during performance audit to scrutinise the effectiveness of controls against corruption in areas such as procurement and distribution of grants.

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On behalf of the Jury



Göran Hyltander
Chairman of the jury