

## The Prize for 2019 – Review team comments on the winning report: Management of water projects in rural areas from the National Audit Office of Tanzania

The review team will submit written comments on all nominated and assessed reports for the Prize for the best performance audit report in the AFROSAI-E region in 2019<sup>1</sup>. These comment on reports will be presented to the respective SAI. The review team also makes a report on the qualities of the winning report, which is made public. Since the first performance audit report was awarded the Prize for 2008, 99 reports from 18 different countries have been considered in the competition.

### 1. The Prize – an 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 of 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 stipulated requirements – such as being published between 1 January – 31 December 2019. No assessment of the quality of the reports is made by the Secretariat.

### 2. The review team

The quality of the performance audit reports has been assessed by an international review team of seven members from the SAIs from Norway, the Netherlands, UK and Sweden (including the chairman from the Swedish SAI). Members of the review team are:

- Jeremy Weingard, Audit Principal, Practice and Quality, UK National Audit Office
- Elze Ufkes, Data Specialist, the Netherlands Court of Audit
- Rogier Zelle, Audit manager, the Netherlands Court of Audit
- Ingvild Gulbrandsen, Senior Advisor, Office of the Auditor General Norway
- Tove Sagmo, Senior Advisor, Office of the Auditor General Norway
- Gunnar Myrberg, Audit Director, Swedish National Audit Office
- Dag Levin Sparr, Senior Advisor, Swedish National Audit Office, Chair

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

### 3. Nominated reports

Ten nominated audit reports passed the formal scrutiny of the AFROSAI-E secretariat, namely:

- *Ethiopian Biodiversity Institute action on the management of invasive alien weed known as water hyacinth* from the Auditor General of Ethiopia.
- *Selected road works in Ghana – yellow report* from the Ghana Audit Service
- *Selected road works in Ghana – red report* from the Ghana Audit Service

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<sup>1</sup> The Prize for the best performance audit report in the AFROSAI-E region was launched in 2008 by the organization with support from the Swedish National Audit Office.

- *The management of the fuel incentive Scheme at the Seychelles Fishing Authority* from the Office of the Auditor General of Seychelles
- *Assessment and issuance of building permits of Ministry of Land Housing and the Environment* from Audit Service Sierra Leone
- *Follow up performance audit of the immigration process for illegal immigrants at the Department of Home affairs* from the Auditor General South Africa
- *Sanitation services in Khartoum State Sanity Corporation* from the National Audit Chamber of Sudan
- *Control over Petroleum products by Sudanese Petroleum Corporation (SPC)* from the National Audit Chamber of Sudan
- *Provision of referral and emergency healthcare services in higher level referral hospitals* from the National Audit Office of Tanzania
- *Management of water projects in rural areas* from the National Audit Office of Tanzania

#### 4. Quality criteria

The review team has used specified quality criteria for assessing strengths and weaknesses of the performance audit reports. The review team also assesses whether the winning report has a sufficient level of quality in relation to the ISSAIs as summarized below with AFROSAI-E comments<sup>2</sup>:

1. Auditors should consider materiality in all stages of the audit process. (ISSAI 300:33, 3000:83) AFROSAI-E emphasizes reports that give added value, not only to financial, but also social and/or political aspects of the subject matter.

2. The audit report should be comprehensive, convincing, timely, reader-friendly and balanced. (ISSAI 300 38-39, 3000:116). AFROSAI-E accentuates these characteristics as specifically important for a good quality audit report. The aspects should be assessed using the relevant explanations from ISSAI 3000.

3. In performance audit, the auditors' report their findings on the economy and efficiency (of the use of resources) and the effectiveness with which objectives are met. (ISSAI 300:11, 300:39, 3000:17-20, 3100).

The audits should provide new information, knowledge, value and analysis or insights. (ISSAI 300:10) AFROSAI-E underlines that audits should include an analysis of conditions connected to the principles of economy, efficiency and effectiveness. Audits should go further than merely assessing compliance with existing legislation and regulations, thus providing new insights to the subject matter.

4. The report should include conclusions in response to the audit objectives and questions. If relevant and allowed by the SAI mandate, auditors should seek to provide constructive recommendations that are likely to contribute significantly to addressing the weaknesses or problems identified by the audit. (ISSAI 300:38-40, 3000:106) AFROSAI-E stresses that audits should have conclusions that clearly respond to the audit objective. Recommendations (if appropriate) should be constructive, addressing the accountable entity, and achievable.

5. In addition to the requirements from ISSAIs, AFROSAI-E wants to promote effective audit processes, thus the requirement of production time has been added to the quality requirements. AFROSAI-E emphasizes that audits should be timely and ideally not exceed a 12-month production time. Production time is counted from the entry conference or start of the pre-study to the approval of the Auditor General by signing the final report.

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<sup>2</sup> The description of the Prize is given in the 2019 invitation letter from AFROSAI-E, also published on its website.

The quality criteria have been transformed by the review team into questions to help them make their selection effectively. The questions are based on the condition that the team has access to the audit reports only. Consequently, the assessment made by the review team does not cover every important aspect of quality, such as examining the underlying evidence base.

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

## 5. Assessment

This year, ten nominated reports from seven different SAIs were accepted by the Secretariat. The review team would like to acknowledge the hard work done by each of the auditors producing the ten competing reports on very important subjects. We also appreciate the Auditors General responsibility for their enhancement of the further development of performance auditing within the AFROSAI-E region. As ever, the review team had a vigorous discussion on the relative merits of the various reports. The judgement of the review team is unanimous.

- The winner of the Prize for 2019 is a performance audit from the National Audit Office of Tanzania, *Management of water projects in rural areas*.

## 6. Comments on the report: Management of water projects in rural areas from the National Audit Office of Tanzania

The report is well-motivated and of good quality. The problem description is convincing, referring to national and international benchmarks, and supported by data, demonstrating that this is a very important topic. Improvements in effectiveness of this programme will have significant benefits for public health.

The audit is well designed. It covers the whole chain of responsibility, from the ministry to the local level of administration. Multiple methods are well explained and used to support the findings and conclusions. The auditors make good use of physical inspections and of qualitative evidence. The audit questions are answered systematically, with good supporting evidence. Notwithstanding the complex audit area, with many involved agencies, the auditors wrote a concise, and therefore effective, report—partially because of explicit choices in the scope of the current audit.

The auditors, when assessing performance, make the vital distinction between capacity and accessibility, which is very important for the results and well handled in the report. There is no advice, however, on how to prioritise funding, beyond the proposal that resources for ongoing projects should be given priority.

The report presents conclusions and recommendations that are clearly analytical, add value and are based on an overarching integration—and not merely a restatement—of the findings.

### Areas to develop

The timeliness of the topic could have been addressed more explicitly—what were the reasons to start an audit on this topic at this particular moment?

The availability of water is not only affected by the existence of new water projects but also by the quality of the maintenance of existing infrastructure. Maintenance could have been included in the audit. The audit could also have looked at how resources are allocated to the projects, a factor that may affect the overall impact of the projects.

## 7. Overall comments on all the reports competing for the 2019 Prize

This year's review team is largely new, limiting to an extent our ability to compare the quality of the 2019 entries with the reports entered in previous years.

We welcomed one newcomer to the competition – the Office of the Auditor General of Seychelles.

The chosen topics for the reports are highly material and relevant both for parliaments and for citizens, affecting the economy and the welfare of the population. In most cases, the choice of topic was timely, and all the reports were finalised within the stipulated timeframe of 12 months.

The quality of presentation varies between the reports. Some have used advanced methods for presentation including infographics and other images, while others are not as reader friendly. The reports are in general quite long, some too long. Sometimes the topic motivates the length, but in other cases, the reports would benefit from being shorter and more focused. To reach out to stakeholders and to have the impact the audits deserve, it is important to have the readers in mind when writing the reports.

The reports are very ambitious, presenting large numbers of findings and recommendations. Several audits addressed the whole chain of accountability while others limited the scope to the operations of one responsible entity. It is important to develop a sound understanding of the audited programme or the audited entity's business. Many of the reports have audit criteria that assess the compliance of the subject matter by the auditees rather than directly addressing the economy, efficiency or effectiveness of the audited operations.

The conclusions and recommendations often promote ways in which value for money could be improved. While these conclusions and recommendations do follow logically from the audit questions, criteria and findings, there is a tendency to merely reiterate the audit findings rather than adding extra analysis and insight.

The areas for development that the review team has identified are as follows:

- Develop audit questions and criteria to identify lack of economy, efficiency and effectiveness rather than non-compliance with a set of laws and regulations. This approach also involves defining the 3Es to enable benchmarking against an expected or optimum performance. This also requires good knowledge of the audited operations.
- Focus and prioritise – several audits present so many detailed findings and recommendations that it is hard to identify what is truly important. The most material findings should be presented first to make the reader understand how severe the findings are.
- Develop conclusions based on analysing the findings and give recommendations that identify the causes of any deficiencies and propose measures that can correct these causes. If possible, outline the consequences (the effects of the difference between criteria and present condition).
- Develop writing skills and presentation. The report should convey the auditors' carefully selected information in a logical structure, from the audit objective to the recommendations (the red line).
- It is probable that irregularities and fraud contribute to the problems in many of the areas audited by SAIs. This risk is however seldom examined or even mentioned in audit reports. According to ISSAI 3000/73 the auditor shall assess the risk of fraud when planning the audit and be alert to the possibility of fraud throughout the audit process.

Dag Levin Sparr  
Chair of the review team