OECD AUDITORS ALLIANCE LAUNCH MEETING
26 MARCH 2018, PARIS

SESSION 1 PRESENTATION

CHALLENGES AND SOLUTIONS FOR PUBLIC SECTOR AUDITORS
Contents

- Introduction – African Union
- Audit of the African Union
- Internal Audit & External Audit (By Supreme Audit Institutions)
- Challenges And Possible Solutions For Public Sector Auditors
Introduction – African Union (AU)

The African Union

- African Continental Organization with 55 Member States
- Charged with spearheading Africa’s rapid integration, prosperity and sustainable development by promoting political and economic unity, solidarity, cohesion and cooperation among the peoples of Africa and African States, as well as developing a new partnership worldwide.
- Its vision is to have “An integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in global arena.”
- Has developed a strategic framework, the ‘Agenda 2063’ with seven African Aspirations.
Introduction – African Union (AU). cont..

- **The Seven African Aspirations.**
  - A Prosperous Africa, based on inclusive growth and sustainable development
  - An integrated continent, politically united, based on the ideals of Pan Africanism and the vision of Africa’s Renaissance
  - An Africa of good governance, democracy, respect for human rights, justice and the rule of law
  - A Peaceful and Secure Africa
  - Africa with a strong cultural identity, common heritage, values and ethics
  - An Africa whose development is people driven, relying on the potential offered by people, especially its women and youth and caring for children
  - An Africa as a strong, united, resilient and influential global player and partner
Audit of the African Union

- **Audit of the African Union Organs.**
  - Internally audited by the Office of Internal Audit (OIA), situated at the AU Secretariat, the African Union Commission.
  - The OIA is headed by the Director, mandated to audit all AU Organs by the AU Assembly, the highest governing body of the Union.
  - Externally it is audited by the Board of External Auditors (BOEA) annually (financial statements audits).
  - The BOEA is composed of 5 Supreme Audit Institutions (SAIs) headed by Auditor Generals, appointed by the Assembly for 2 year term renewable only once.
  - The Organs of the Union are also audited by various external auditors appointed by the Partners to audit respective Partner Funded Programmes.
Supreme Audit Institutions, carry out the external audits of public sector institutions, ministries, states and departments. An independent and professional Supreme Audit Institution (SAI) is an important actor in a country’s accountability chain.

It is a government entity whose external audit role is established by the constitution or supreme law-making body. SAIs as the lead public sector audit organizations focusing on accountability and transparency of public funds, are uniquely placed to contribute to building and sustaining stronger and more effective accountability mechanisms between governments and their citizens.
Internal Audit & External Audit (By Supreme Audit Institutions). Cont…

- Internal Audit function is normally one of the internal functions within the organization, unless the function is outsourced. Its mandate is defined by the Institute of Internal Auditors (IIA).
- The Definition of Internal Auditing by the IIA states the fundamental purpose, nature, and scope of internal auditing. **Internal auditing** is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations.
- Both internal and external auditors in the public sector have the mandate to ensure accountability, transparency and value for money in the utilization of public funds.
- This is the task entrusted to them by the citizens and the general public.
Challenges And Solutions For Public Sector Auditors

- Studies have been carried out on the challenges facing auditors in the public sector, and solutions have been suggested by researchers.

- These challenges have been faced both by internal and external auditors, as experienced by some auditors/audit committee members present in this auditors launch meeting.

- Whilst the external auditors may have the capacity to resolve some of the challenges by the nature of being more independent and reporting to parliaments, the internal auditors find it more difficult to resolve most of them due to the nature of being employees of institutions/organizations they work for.

- This could affect or compromise the internal audit independence if not carefully managed.
Challenges And Solutions For Public Sector Auditors ..cont..

- **Challenges in Meeting the needs of Multiple Stakeholder**
  - Due to the global demand and need for transparency and accountability, auditors are now challenged to monitor implementation of various programmes and projects to ensure value for money.
  - Some partners have signed cooperation agreements to either have joint audits or rely on local auditors in assessing the utilization of their funds.

- **Possible solution**
  - Auditors need to develop skills, work professionally and competently to build the confidence among the stakeholders.
  - Auditors need also to maintain the trust that stakeholders have built in them.
Challenges And Solutions For Public Sector Auditors - cont....

- **Building Technical capacity and expertise**
  - Lack of technical expertise in some areas, leading to carrying out more of financial and compliance audits.

- **Possible solutions**
  - Include experts in the audit of technical and complex audit areas.
  - Outsourcing the audit area which may require more technical expertise.
  - Train the auditors in some skills.
  - Enhance continuous professional development programs for auditors.
Challenges And Solutions For Public Sector Auditors - cont....

- Cooperation Among Oversight Functions External Auditors/Internal Auditors/Ethics/ Monitoring & Evaluation, etc)
  - In some government institutions it is due to reporting lines, and unclear mandates/roles and responsibilities.
  - Internal Audit faces more challenges than external auditors. This could be because of being internal where other functions except external auditors also operate and conflicts are common.
  - IA also may face challenges with external auditors under reliance on its work if the work is not done professionally.

- Some of the solutions may include:-
  - Defining the reporting lines for oversight bodies in such a way that there no conflicts,
  - Defining the mandate, roles and responsibilities of the oversight functions clearly,
  - Developing a good communication mechanism among the oversight functions,
  - Have joint trainings, workshops, seminars,
  - Internal Auditors working professionally for reliance by external auditors.
THANK YOU

REGINA MAAMBO MUZAMAI

Email: maambor@Africa-union.org