Enhancing accountability – role of the Supreme Audit Institutions

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Pillars that make SAI’s strong.

- Mandates engrained in the Constitution and the succeeding legal framework. SAI’s report directly to Parliament.

- Independence of SAIs.
  - Head of SAI: Appointment, disappointment,
  - Right of access to records and the right to inspect.
  - Not to be directed by anybody / organisation.

- INTOSAI framework:
  - Professional Standards in use – ISSAI’s
  - Knowledge sharing: ‘Mutual experience benefits all’ of the 190 members.
  - Capacity Building
    - Regional bodies.
State of developing economies

- Young democracies
- High levels of poverty
- Critical gaps in infrastructure: most are in the process of having huge outflows in infrastructure development: Roads, railways, ICT, Refinery, pipeline, airports.
- High population growth
- Huge and growing young population
  - The need for accountability - very high.
SAI roles: Comptroller role

- Executive seeks authority to spend from Parliament. An Appropriation Act is passed. The AG to ensure release of funds according to the appropriation.

- Supplementary expenditure. The Laws usually give guidance on the extent to which supplementary expenditure can be entered into over and above the original budget - 3% in UG.
  - The SAI monitors the execution of the budget according to the legal framework and raised red flags and
  - eventually can deny the Executive access to additional funds without necessary Parliamentary approval.

- This control checks the executive and ensures the respect of Law and of the people through Parliament.
SAI ROLE: Audits

- Various types
  - Financial
  - Compliance
  - VFM/Performance
  - Forensic
  - Information technology

- An examination of records of entities with a view of providing assurance over use of funds, ascertaining the extent to which value for money has been achieved.

- Effect is to ensure:
  - Adherence to set laws
  - Service delivery
  - Value for money spent
The Accountability Cycle

Parliament

Audit reports

Audit

Treasury memorandum

Executive

Financial statements
Financial audits

- Provision of assurance over the use of resources. Fairly presented, true and fair reflection of activities of the entity.

- SAI’s Carry out procedures to ensure provision of assurances over each entity and over government consolidated statements.

- Use risk based audits. Assessment of risk dictates the nature of scope of audit effort to be exerted.

- Ascertain areas where wastage may be occurring. Intervene.

- Ascertain areas which may require another type of intervention ie forensic or IT.
Compliance audits

- Jurisdictions have laws and regulations that guide the manner in which organisations make decisions.

- These provisions provide controls, and checks and balances that guarantee good decision making for the benefit of the population.

- Reduces the extent of discretion by management
  - Budgets and supplementary expenditure.

SAI’s provide assurance over the extent of compliance with these laws and regulations put in place to ensure good governance and accountability.
Value For Money Audit

- Value for Money/Performance audit is an independent examination/assessment of the efficiency and effectiveness of government undertakings and programs with due regard to economy with the aim of creating improvements.

- The main objective of VFM auditing is to promote economical, effective and efficient governance. It also contributes to accountability and transparency.
The 3E’s

- **Economy** - costs low. The resources used should be available in due time, in appropriate quantity and quality and at the best price.

- **Efficiency** - getting the most from available resources. It is concerned with the relationship between resources employed, conditions given and results achieved; in terms of quantity, quality and timing of outputs or outcomes.

- **Effectiveness** - meeting the objectives set. It is concerned with attaining the specific aims or objectives set and/or achieving the intended results.
Forensic investigations

- Where fraud has been encountered / is suspected – carry out such procedures that enable the acquisition of sufficient relevant evidence that can be used in the courts of Law for prosecution.

ICT audits

- IT and the increasing trends of cyber crime. The ability of comprise of the system especially by those responsible for it.

- Major IT systems:
  - Integrated Financial Management Systems, IFMS
  - National Identity Card
  - ASCYUDA
  - Central bank systems
  - University systems
  - The payroll system
Working with other Agencies

- The reports of SAI’s go to Parliament
- Parliaments discuss the issues on behalf of the population.
- The media is involved to disseminate the information.
- Involvement of the media increases the element of shame.
- Parliament then provides its recommendations to the executive to act upon.
- The Executive reacts by producing a Treasury memorandum which is again audited by the SAI to complete the Accountability Cycle.

The SAI’s work with other organisations to improve accountability
- Criminal investigation
- Prosecution Agencies
- Ombudsman
- Public Procurement body

Enable better investigations and prosecutions
Results and their contribution to enhancing accountability

- Misuse of funds by entities entrusted with their use for purposes of providing a service to the people.
  - Funds used but lacking supporting documentation like remittance receipts, expenditures not properly explained or not properly reflected in the receipt records.
  - Funds spend without due regard to appropriation - Mischarges.
  - Purchase of non-existent assets and services (air supply): houses, bridges, air tickets, seminars.
  - Overuse of cash, and mismanagement of cash
  - Legal theft: compensations, interest on compensations.

Effect: Parliament holds the Accounting Officers accountable, some not reappointed, some on interdiction, embarrassment, others under investigation.
Poor payroll and pension management

- Ghost workers and pensioners
- Over/under and double payments
- The Pension scandal with culprits services over 30 years in jail for the three officers found culpable.

Reaction

- Awakening of the public service of the need to address the sector.
- SAI investigation led to a decentralisation of pension and payroll management resulting into better answerability and savings of over Ugx.400b per year.
Results: Infrastructure audits

- Non professional/shoddy work. Contracts not executed according to the BOQ’s. Value for money questions over the projects built.

- Fraud: outright falsification of documentation with an intention to defraud, i.e.
  - Falsification of technical interim payment certificates
  - Measurement inaccuracies: percentage of completion.
  - Lack documentation to confirm measurement in admeasurement contracts
  - Variation of prices and the different methodologies

Effect:
- There has been significant improvements in the engineering jobs taken on by the national roads authority.
- The AG report was the main source of evidence used by the Commission of Inquiry into the roads sector in 2015

- Technical challenges faced by SAI’s due to the technical nature of the field.
- The need to have experts.
- The expense of experts.
Results cont: Fund absorption

- Low debt absorption/non performing loans: Services not delivered:
  - delayed hospital completions,
  - Increase in contract prices due to delays in execution
  - interest or commitment charges paid making the services even more expensive

- Reaction by the executive

- To identify loopholes and ensure rectification:
  - Beefing of execution technical capacity
  - Delays in procurement processes
  - Handling of handover of land for execution of projects on time.
Land phenomena:

- Government does not have a national land register of public land. Public land not titled.

- Encroachers preying on the land and selling it at exorbitant prices. Displacing schools, hospitals and government/Local government farm land.

- Land taken in the name of investors. Using very high political names to influence the process. Lots of connivance in the system by unscrupulous people.

Deprives government of its assets that should otherwise be properly planned for.

- A need for a national land register
- A need for a proper criteria of disposal and use of proceeds
- A need for identification of land for investment
- Lack of clear guidelines on the use of government land
ICT audits

-Ascertain the IT controls in place and provide input into areas of improvement.

-Establish the extent of compliance with set standards, best practice and set regulations in the acquisition of IT systems

-Ascertainment of the existence of adequate competencies for the management of IT resources to enable achievement of objectives

Audits enable:

- Strengthening of controls
- Check fraud and loss of funds: over US$30m attempted fraud.
- Reduce on IT systems that don’t serve the purpose
- Better management of systems,
The move to look at SDG’s and make our contribution to bettering the lives of our people come 2030, be part of the story – doing your best.

The world must be held accountable to climate change, bringing all genders along, education, clean water, equality, elimination of poverty.

Infrastructure audits to become more relevant given economic growth levels.

PPP’s a new of implementation of major projects

The digital age, information explosion through social media, the youth and unemployment.

Positive- use it to increase growth levels, the use of big data.

Be aware of an increase in cyber crime
Challenges

- Poor follow up: Parliament and the delays in following up of issues raised.

- Logistical challenges and the need to strategically isolate what you must, despite the legal framework. – is it intentional to make you fail.

- Public auditors by the nature of their work are Non social people.

- The contradiction between risk and contribution to improvement of lives of people. Most impact needed in the villages – but that is not where most money is spent – strike a balance.

- Conscious conflict: some of your colleagues may be have associations with those you don’t want to associate with at all.

- Corruption and its many facets. – you cant get it, you cant evidence it, but you are close to it.
Thank you.

- Join me for ACOA in Kampala, Uganda
  - 2-5 May, 2017
- Book now on www.icpau.co.ug