”Cooperation between SAIs – tips and examples”

11 INTOSAI WGEA members’ meeting – Tanzania, June 2007

Workshop overview

- Introduction: paper, types of audits, how to start
- Learning tips about cooperative audits
- Illustration: African cooperative audit experiences (Zimbabwe)

Main features of the paper

- Between guideline and manual
- Based on cooperative audits experiences
- No theories
- Tips: do’s and don’ts
- Cooperative environmental audits examples
- Tips about preparing, conducting and reporting

Types of cooperative audits

- Joint audit
- Concurrent (parallel) audit
- Co-ordinated audit

Characteristics of the types of cooperative audits

	Joint audit	**Concurrent (or parallel) audit**	**Coordinated audit**
Team	Joint audit team	National audit team per SAI	National audit team per SAI with some coordination structure
Audit approach (scope, questions, methods	Identical for all participating SAIs	Chosen independently by each SAI	Coordinated/ harmonized to some degree, but differences between SAIs possible
Report	Joint audit report only	National reports only	National reports and/or joint audit report

Types of Cooperation - Conclusions

- in practice joint audits are rare
- parallel audit requires less harmonization than coordinated audits - audit approach (scope, questions and methods) are chosen independently by each SAI.
- challenge for the coordinated audit is harmonization of the audit approach and reporting of the audit findings

How to start?

Choosing partners and audit topic

Question for subgroups:

If your SAI consider to start audit cooperation, how would you find partner(s) and choose the audit topic?

Choosing partners and audit topic - Conclusions

I.

First step: SELECTION TOPICS

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Second step: SELECTION PARTNERS

II.

First step: SELECTION PARTNERS

↓

Second step: SELECTION TOPICS

See: tip 2

Preparing

Determining common audit approach

Question for subgroups:

What are the most important issues to agree on with respect to audit scope, questions and methods?

Preparing

Determining common audit approach

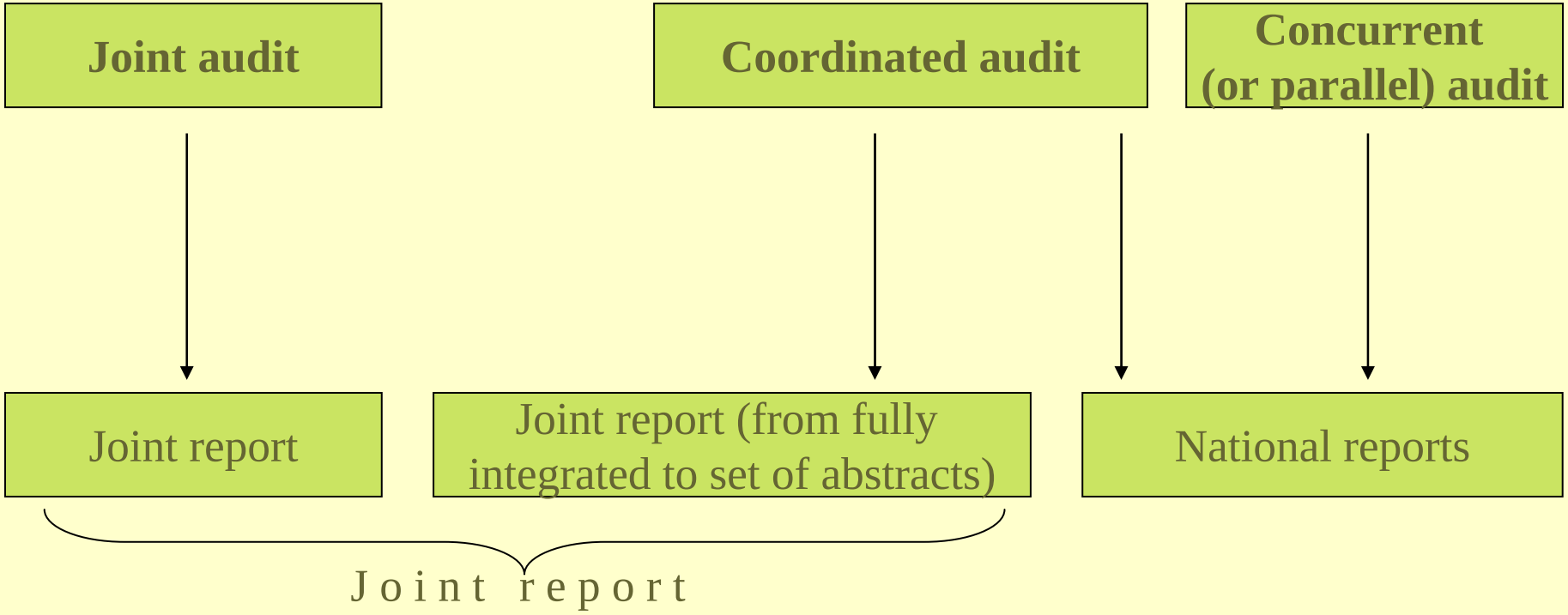
The most important issues:

- Precise definitions
- Simple and restricted common elements
- Limited and unambiguous joint questions
- Common assessment criteria and comparable data

Preparing

Determining desired product

Possible types of report



See: tip 17

Preparing

Determining desired product

Question:

Why should the desired product be determined at the preparation phase?

Reasons for determining the desired product at the preparation phase:

- Type of product largely determines the extent to which the audit process has to be coordinated
- Depending on the desired product, activities can be planned, tasks can be divided and information requirements can be determined

See: tips 8 and 17

Preparing

Practical matters

Question for subgroups:

Which practical matters should be discussed and decided at the preparation phase and why?

Preparing

Practical matters – conclusions

Key practical matters decided at the preparation phase:

- Timetable
- Division of tasks and responsibilities
- Composition of audit team(s)
- Exchange of data during the audit process
- Type and form of comparative data to be collected for the joint report

See: tip 6, 9, 11

Preparing

Formal agreement

Document closing the preparatory phase defines:

- Audit subject
- Form of cooperation
- Common audit approach
- Timetable
- Desired product

See: tip 13 and Appendix 2

Conducting

Organization of the audit process

Main recommendations:

- Conduct the audits as simultaneously as possible (see: tip 14)
- Exchange audit experiences and findings during the audit (see: tip 15)

Elements of joint report

Possible content of joint report:

- Set of abstracts
- Joint conclusions and recommendations
- Comparison/ benchmarks
- Best practices
- Lessons learned

See: tip 19

Reporting

Publication and distribution

Key issue

- Choosing the right moment for publication

Conclusions

- a joint report cannot be published earlier than the latest national report
- a newsworthiness is a key factor in the impact of a report

See: tip 20

Presentation on Zimbabwean Experiences on Cooperative Audits

By Mrs. M. Chiri – Comptroller and Auditor General of Zimbabwe

Types of Cooperative audits Carried out

- Out of the three types of audits my Office has been involved in one type i.e. Concurrent (or Parallel) audits.
- Three projects on the following have been undertaken audits:
  - Management of Wildlife by the Parks and Wildlife Management Authority (Cooperated with Botswana, Fund
  - Provision of Water to Small towns and Growth Points by the Zimbabwe National Water Authority (Zinwa)- (Cooperated with Botswana, Lesotho and Namibia. Namibia dropped off after the pre-study)
  - Community Health – Provision of Water and Sanitation Services in Rural and Resettlement Areas. (Cooperated with Rwanda, Uganda, Botswana and Ghana.) Report being finalised for publication.
- The three audits were coordinated by the Afrosai-E Secretariat.

Impact of the Audits

- The two tabled reports raised a lot of debate in Parliament
- The media showed a lot of interest and the public made contributions as well through newspaper articles.
- Auditees worked towards rectifying the reported weaknesses and are at various levels of implementing the recommendations raised in the reports.

Communication between the SAIs

- For each audit three meetings were held from planning to the discussion of draft reports.
- First meeting was on agreeing the topics and the date for starting the audits
- Second meeting was to agree on the Pre-study plan and focus of audits as well as sharing experiences
- Third meeting was on discussing the reporting structure, agreeing on tabling dates as well as sharing experiences.

Communication between the SAIs- - Conti.

- In between meetings teams communicated through use of telephones and e-mails to share information and tackle common problems on –
  - Data collection methods
  - Availability of information and data
  - Documentation of the needed data
  - Cooperation of the auditees, etc

Preliminary: Getting Consensus

- The Secretariat requested for interested SAIs to suggest topics first and then consolidated the list of topics after which the SAIs were asked to select three in order of their priority. SAI were then grouped according to their priority choices
- Some topics were chosen through discussion of common problems.

SAI Commitment

- The SAIs were asked by the Secretariat to commit themselves right at the beginning of the audit.
- Since choice was according to each SAI's priority and sharing of common problems it was easy for my Office to get committed at the top management level. The projects were incorporated within the work programme of the office.

Form of Cooperation

- Cooperation for all the three projects was based on common problems the cooperating SAIs were facing as well as our list of priority projects
- We also based our cooperation on those projects that were within our master Plan
- Projects area selection was based on:
  - Mandate to audit
  - Appropriateness of the audit area in terms of relevancy
  - Availability of resources and capacity
  - Possession of experience and expertise
  - Topicality to the country
  - Potential for change.

Chosen Audit Approach

- We agreed right at the preliminary stage that each SAI was going to carry out a pre-study and then pre-study memo and work plan and bring this for discussion during the second meeting. This document was the plan used to execute the audit.
- All our audits used the performance audit approach.

Chosen Audit Approach (Cont.)

- We chose and agreed on same audit questions/issues but not on audit problems because the extent and depth of problems varied in different countries.
- This had the effect of our criteria at times being different. However, were had same results in terms of causes of the problems like:
  - Ineffective management, poor supervision, lack of human and financial resources, poor coordination with projects beneficiaries, lack of training etc

Determining the Desired Product

- From the beginning it was agreed that tabling of reports will adhere to different SAIs laws and regulations regarding their publication.
- Although there is some efforts on trying to come with a common report, our experience has been that this one may need sychronisation of our plans to reflect common issues to be addressed.
- Currently my Office has tabled two of the reports and the other one is still at the reporting writing stage. If we are to produce a common report I believe this may need closer cooperation in planning. For now I believe its adequate to produce separate reports

Documentation and Time Frames

- All documentation of audit evidence follow the required Office standards.
- Detailed time frames are documented with the project resource plan. This include the required budget and activities to be carried out.
- Our experience has been that it takes more time to finalise the planning phase especially at the preliminary stages were agreement with participating SAIs is essential. We also have experience huge time lags during the finalisation and publication of the reports. This is due to the need to discuss and or agree the findings with the auditees and tabling regulations that have to be followed.

Challenges

- Resources constraints in terms of adequate funding and skilled staff.
- Countries were at different levels of performance audit expertise or capacity
- Communication problems between teams
- Mandate Issues
- Agreeing on the audit scope

Lessons learnt

- Its important to establish what you want to achieve right from the beginning – be focused.
- You need adequate skills levels and financial resources in place. Need for adequate budget
- You need experienced staff to constitute the project teams. Inexperienced and unskilled staff tend to slow the progress of other project teams
- Common problems within the region can be addressed for the benefit of participating SAIs
- You can make use of synergic advantages with regard to audit capacity within SAIs
- Audit teams learn a lot from sharing knowledge and experiences
- Good coordination is a must.
- Management Commitment is key to the success of the projects

Way forward

- In developing countries, cooperating partners in the area of budget support and expertise to fund and train audit teams in order to ensure the success of cooperative audits.
- SAIs need to make parallel audits an important tool for solving common problems in the region.
- SAIs need to start cooperating in the area of carrying out joint audits. E.g.
  - Environmental Impact on the conservation of the Zambezi river basin. (shared by six countries)
  - Economic Impact of the Limpopo Trans-frointier Park
  - Drought Mitigation in Sub Saharan Africa.

I THANK YOU!!!

Final conclusions

The key issues in audit cooperation are:

- finding common interest
- being aware of differences
- *communication* at each stage of the audit process!

Final recommendations

- Learn by doing
- Cooperate with more experienced SAIs
- Use the tips