STRENGTHENING INDEPENDENT OVERSIGHT ORGANIZATIONS – INCLUDING SUPREME AUDIT INSTITUTIONS: CASE OF THE OFFICE OF THE AUDITOR GENERAL OF ZAMBIA
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1.0 INTRODUCTION

• Importance of oversight organs of Government, Supreme Audit Institutions (SAIs) inclusive
• SAIs provide independent audits to national governments
• They provide independent feed back on governments’ stewardship responsibilities, a pre-requisite for development
OBJECTIVE

• To share experiences on how the SAI of Zambia (Office of the Auditor General) has been strengthened in the last thirteen (13) years in line with the local Zambian environment and consistent with the International Standards of Supreme Audit Institutions (ISSAI’s) in order to effectively.

• This shared experience may be relevant to most developing countries in their area of Public Finance Management.
2.0 INDEPENDENT OVERSIGHT INSTITUTIONS

• ‘Oversight’ is a management jargon and may be equated with ‘Supervision’ in a sense of being a general review of institutional performance.

• It may be performed by bodies, units and processes that provide ‘supervision’ and watchful care to an organization.
Through its fundamental elements of audit, evaluation, monitoring, inspection and investigation, oversight helps an organization to enhance its effectiveness, productivity and integrity.

Boards of companies and other institutions, Parliaments and SAI’s are some of the institutions that may carry out oversight roles.
• Clearly such institutions must be independent of the organs that carry out the management of organisations over which they exercise their oversight roles in order to objectively and effectively carry out their functions.
3.0 SUPREME AUDIT INSTITUTIONS (SAIs)

- SAIs are national agencies responsible for auditing government revenue and spending including projects, programmes and activities. Their legal mandates, reporting relationships and effectiveness vary reflecting different governance systems and government Policies.
- They are called by various names depending on the jurisdiction.
• In Zambia, the Supreme Audit Institution is called Office of the Auditor General of Zambia (OAGZ).

• The international organization to which most SAIs are affiliated is known as International Organisation of Supreme Audit Institutions (INTOSAI).

• Through its standards setting organs, the INTOSAI comes up with International Standards for Supreme Audit Institutions (ISSAI’s.)
• The ISSAIs comprise some fundamental principles or conditions for an effective or strong SAI.

• It is generally understood that the more a SAI is able to comply with these principles, the stronger it is considered to be.

• Over the last thirteen (13) years, the SAI of Zambia has been working towards complying with these principles in the context of the Country in order for it to be effective.
4.0 SAI ZAMBIA

- The OAGZ is established under the Constitution.
- The Public Finance and Public Audit Acts also provide for the functioning of the SAI.
- The Office has a Headquarters in Lusaka (the Country’s Capita City) and the ten (10) Provincial Audit Offices.
- It carries out compliance, Financial, Performance, Information Technology as well as Forensic and Investigations Audits.
Currently, the SAI has a staff establishment of 570 officers against which 522 positions are filled. It is both an active member of the INTOSAI and the African Organisation of Supreme Audit Institutions (AFROSAI).
5. REQUIREMENTS/CONDITIONS OF A STRONG SAI AND STRIDES MADE BY OAGZ TO ACHIEVE THEM

a. Supportive environment
b. Clear Mandate
c. Independence
d. Adequate Funding, Facilities and Staff
e. Sharing of Knowledge and Experience
f. Adherence to international auditing standards
a. Supportive environment

**CONDITION:** Audits are more effective when SAI’s adhere to professional auditing standards, such as those promulgated by the INTOSAI or international accounting bodies.

**STRIDE MADE:**
- Democratic governance
- Participation in national planning and M&E systems
b. Clear Mandate

**CONDITION:** the responsibility of SAI’s should be clearly spelt out in the law of the Land

**STRIDES:**

• The mandate for OAGZ is clearly spelt out in the Constitution, the Public Audit Act and Public Finance Act.
• It has also been sensitising stakeholders on its mandate and as to the value and relevance that the SAI has in the national governance system in general and in Public financial Management in particular.

• This is done through publicity and other stakeholder engagements.
c. Independence

**CONDITION:** Independence and Autonomy are essential ingredients for the Auditor General to objectively carry out their work and report directly to Parliament without interference from the other branches of Government.

**STRIDES:**
- the Law provides for the independence of the Auditor General in carrying out his function. The Auditor General is not at the direction of any one in carrying out their work.
• Until February 2016, the Law provided that the Report of the Auditor General should be submitted to the President who should cause it to be tabled in Parliament within seven (7) days after receiving it and this has been the practice.

• However, in total compliance to the ISSAIIs, and in an attempt to avoid the doubt that the Report may be manipulated if it is so submitted, effective this year Law now provides that the Report should be simultaneously submitted to the President and the Speaker of the National Assembly at the same time.
• the newly Amended Constitution has attempted to also address the issue of administrative autonomy of OAGZ creating the State Audit Commission.
d. Adequate Funding, Facilities and Staff

**CONDITION:** SAI’s require adequate funding, equipment and facilities. SAI’s also need well qualified, adequately remunerated staff who are encouraged to continuously improve, especially in their areas of expertise. Further, Supreme Audit Institutions should be managed such that a performance audit of their operations would result in a favorable report.
STRIDES

• The argument around this issue is closely linked to both independence and the level of the national resource envelope.

• OAG-Zambia works with the Government system in general through national planning consultation processes. OAG is part of the Governance Sector of the national development plan up to the level of the Budget.

• Therefore, although there is always room for improvement of the funding, facilities and staff, it is always understood that the levels provided to OAG is equitable based on the availability of resources at national level and the consultative nature of resource allocations to institutions within the context of general national consultative planning and budgeting processes.
• In terms of actual funding against budget, OAG has had a relatively higher percentage of funding to its operations compared to other institutions.

• Despite all these developments, the SAI is still researching on the best model of financing our SAI taking into consideration our governance systems.
e. Sharing of Knowledge and Experience

Condition:

This entails:

- **International exchanges of ideas, knowledge, and experience to improve audits, harmonize standards, promote best practices and generally help SAI’s fulfil their mandates.**

- **SAI’s should work closely with enforcement officials in government agencies to share skills and insights.**
STRIDES:

• The SAI of Zambia is an active member of INTOSAI, AFROSAI, AFROSAI-E, and the Commonwealth Association of Auditors General.

• It also participates on non-audit forums but which have relevance to its work such as ICGFM and others.

• OAGZ works closely with other country governance institutions such as the Anti-corruption Commission, Drug Enforcement Commission, Financial Intelligence Unit and the Procurement Agency most of whom it has entered into Memorandum of Association with.
f. Adherence to international auditing standards

**CONDITION**
Audits are more effective when SAI’s adhere to professional auditing standards, such as those promulgated by the INTOSAI or international accounting bodies.

**STRIDES**
- As a member of the INTOSAI, AFROSAI and AFROSAI-E, the Office of the Auditor General Zambia strives to adhere to international standards, the ISSAI.

Through its structures, processes and systems, the Office has a Quality Control, Quality Assurance and research and development units whose major objective is to ensure that all work carried out is in line with standards.

In addition, through the cooperation and assistance of cooperating partners the SAI has customized and implemented most AFROSAI-E initiatives of complying standards by coming up with manuals and carrying out sensitizations. These AFROSAI-E initiatives such as the INTOSAI Capacity Building Framework (ICBF) are based on ISSAIs. Further, the SAI is currently implementing a SAI Performance Measurement Framework, which initiative is developed by the INTOSAI Working group on the Value and Benefits of SAI.
• The SAI PMF provides SAIs provides a framework for voluntary assessments of their performance against the ISSAIs and other established international good practices for external public auditing.
• This coupled with routine recruitment of appropriately qualified and experienced personnel and robust training are some of the strides that the SAI is doing to ensure compliance with standards.
6. CONCLUSION

- Increasingly, SAI Zambia has realized that the investment that its Government has put in its institution should yield returns to its citizens and that such returns should be visible to its stakeholders.

- OAGZ has developed an M&E mechanism, including its reporting on performance to demonstrate to its stakeholders its contributions to the country.
• OAGZ has also increased the undertaking of Value for Money Audits. It is hoped that once the Government has fully implemented financial management reforms that includes the Integrated Financial Management Information Systems, strengthened internal audits and budgeting, procurement and other systems, there will be less and less of financial compliance matters and more performance issues. Accordingly, the SAI has invested heavily in the training of performance auditors.

• It is our considered view that the strides that are being made will increasingly contribute in strengthening the effectiveness and efficiency of the SAI
THANK YOU