



# OAG

Office of the Auditor General

## Office of the Auditor General of Uganda

# Corporate Plan 2005-2006 to 2010-2011



*Enhancing public accountability in Government*

*Office of the Auditor-General*

**Corporate Plan**

**1 July 2006 – 30 June 2011**

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**OFFICE OF THE AUDITOR-GENERAL CORPORATE PLAN**  
**1 JULY 2006-30 JUNE 2011**

**FOREWORD BY MR JOHN MUWANGA AUDITOR-GENERAL**

I have the pleasure in introducing the Office of the Auditor-General's third Corporate Plan covering the five-year period 1 July 2006 to 30 June 2011. This Plan builds on the achievements of the earlier Corporate Plan which covered the period 1 July 2003 to 30 June 2006. The main achievements arising from the earlier plan include over 40 staff obtaining professional accountancy qualifications and many more in training, manuals and handbooks have been prepared for financial and value for money audit, an IT strategy and a VFM implementation strategy have been prepared and the office has secured substantial funding from development partners to assist us deliver these strategies and train staff in IT, financial and VFM auditing. This will increase the level of professional competence in my office substantially. However we were unable to achieve all of the goals in that Plan as we continue to be subject to funding restraints resulting from budgetary ceilings, our mandate is growing at a rate than our limited resources can cope with, our logistics and accommodation facilities remain inadequate. Furthermore the public continues to express reservations about our independence and the extent to which we cannot provide the assurance necessary to satisfy the public and media requirements. I am grateful to the financial support provided by our development partners without which my office would stagnate and our effectiveness would be very limited.

This Corporate Plan reflects the ambition of my office and staff and has been prepared against the background of recent changes to the Constitution which have increased my operational authority and the proposed new legislation which should provide new opportunities to develop the role of the OAG even further. The Plan has been prepared on the assumption that a comprehensive Audit Act will come into force early in the lifetime of the Corporate Plan. This legislation should guarantee the financial and operational independence of the Auditor-General. Without this guarantee the office may fail to provide independent assurance to Parliament concerning such issues as accountability, transparency probity in the public finances and how economically, efficiently and effectively public bodies have used the resources given to them, in a way that satisfies Parliament and the public of Uganda.

This Corporate Plan includes the results of our analysis of how we score against the standards of the International Organization of Supreme Audit Institutions (INTOSAI). This body sets the standards for all of the Supreme Audit Institutions throughout the world. The results show areas where significant improvements are required and the strengths we possess to accomplish these tasks. The main barrier against us achieving our vision is again that of independence. There are many advantages of a SAI being independent of government and the executive. Not only are they more credible in the eyes of stakeholders, the Auditor-General is the one real person who has the capability to provide independent assurance to Parliament about the public finances, free in the knowledge that he or she is not reliant on those organizations he or she is required to audit, for resources. Furthermore in a country such as ours which is reliant on funding of

development partners a free and independent Auditor-General would provide that confidence and fiduciary assurance necessary for any developmental initiative.

A major impact of new legislation will be that our management practices will need to be much more business like as we will have to manage our own financial affairs, communications and human resources etc. In the Plan we are proposing to seek additional funds to help us create the necessary office infrastructure and to team up with an experienced SAI to assist us do this. Once this infrastructure is in place we propose to plan to cease relying on development partners and external consultants by the end of the five-year plan. However, by the end of the five-year I am convinced that, if we have the necessary support to fully implement the Plan, we will have in Uganda an OAG to be proud of providing the audit services that our fellow citizens deserve.

**OFFICE OF THE AUDITOR-GENERAL CORPORATE PLAN**  
**1 JULY 2006-30 JUNE 2011**

**EXECUTIVE SUMMARY**

**Introduction**

1. The Office of the Auditor-General (OAG) is the Supreme Audit Institution in Uganda responsible, under the Constitution, for auditing the financial statements produced by central and local government organisations and examining how economically, efficiently and effectively these bodies use their resources. We are going through a period of change and considerable challenges. This five-year Corporate Plan seeks to maximize the advantages to be gained from this change and directly address those considerable challenges.
2. The Corporate Plan for the period 1 July 2006 to 30 June 2011 takes forward the issues identified in the Plan for the period 1 July 2003 to 30 June 2006. It has also been prepared so that we may take advantage of amendments to the Constitution and proposed new legislation aimed at making the OAG more independent. We were able to make some progress against the objectives in the previous Corporate Plan. These have laid the foundation for the OAG to modernise its financial audit methods and expertise. Unfortunately, funding constraints and substantial increases in workload hindered successful completion of the Corporate Plan 2003 – 2006 as a whole.
3. We have operated consistently against a background of severe funding restrictions. For example in 2005-06 we submitted a budget of U.Shs 16.7 billion but because of capping under the rules of the Medium Term Expenditure Framework (MTEF) the actual approved budget was only U. Shs 8.4 billion leaving a funding gap of almost U. Shs 8.3 billion. In future years we expect expenditure requirements to increase to reflect increased workload and major capital developments, for example new office accommodation. Yet if capping continues it is likely additional funds will not be made available. The only solution to this problem will be the successful enactment of an Audit Bill which gives us financial and operational independence.
4. Technology plays an important role in the modern professional world. We have recognized this and prepared a strategy for developing IT operations in the office. This seeks to implement several strategies critical to our operations. Several development partners have agreed to provide substantial financial resources to implement the IT strategy. We have, therefore, aligned this IT strategy with the objectives in the Corporate Plan.

## **Performance against the previous Corporate Plan 2003-2006**

5. During the previous planning period we have been able to update our financial audit methodology, including the production of a Manual, develop an IT strategy to modernise its office infrastructure and take forward IT audit, including the Integrated Financial Management System (IFMS) and implement recommendations made by external auditors following the audit of our accounts for the period ending 30 June 1998. We supported over 40 staff obtain professional accountancy qualifications and secured almost \$3 million from development partners to fund the IT strategy and to train staff in financial, IT and Value for Money (VFM) audit.
6. However we were unable to develop a planned VFM audit development programme because of a lack of trained staff and shortfalls in funding during the 2003 – 2006 period. In addition we have been unable to secure funding to provide modern office accommodation in Kampala and the districts.

## **Basis for the preparation of this Corporate Plan**

7. This Plan has been prepared on the assumption that the proposed Audit Bill will be enacted giving the necessary powers and freedoms to enable us to fund our necessary developments and recurrent expenditure, and control its operations. If the Bill is not enacted or powers in the Bill are restricted, particularly on financial independence, then planning assumptions will need to be re-visited. This Plan is a living document and, while it covers a five year period, it must be reviewed and updated at least annually or more if circumstances significantly change.
8. A major factor in the preparation of this Plan has been the absence of reliable and meaningful financial and statistical data. There is no information available as to how long audits take or how much they cost. It is, therefore, impossible at this stage to determine how many staff we actually need or compile accurate and defensible estimates and staffing proposals. This issue must be addressed in any event, particularly if and when we secure financial independence. This Plan has been prepared following consultations with staff and key stakeholders and their views have been taken into account.

## **Critical self-assessment**

9. As part of the planning process we examined ourselves critically to identify the way forward. We have undertaken an examination of strengths, opportunities, weaknesses and threats (SWOT) at Appendix 1 and developed this into a risk assessment at Appendix 2. In addition as a member of the International Organisation of Supreme Audit Institution (INTOSAI), we have analyzed ourselves against the standards and requirements of INTOSAI and internationally recognized organizational practices at Appendix 4. These self-analyses have

identified a number of important issues that must be addressed if we are to become an efficient and effective SAI and a provider of effective audit services in Uganda.

10. Particular issues that need to be addressed are the achievement of financial and operational independence, improving the budgeting and financial management systems, including the provision of sound and reliable management information, developing modern human resource policies, improving financial audit methodologies still further and introducing value for money methodologies, strengthening quality assurance procedures and enhancing internal and external communications. Recent changes to the Constitution provide us with the opportunity of gaining control of human resource issues, previously managed by the Public Services Commission, such as recruitment of staff.

### **Vision, Mission and Strategic Objectives**

11. We have updated previous vision and mission statements and designed the necessary strategic objectives to achieve the vision and address the risks identified in Appendix 2. The vision, mission and strategic objectives are set out in Part 3 of the Plan. The vision is to be an efficient and effective SAI and the analysis at Appendix 4 shows that we may face the uphill challenge with confidence. Successful achievement of the strategic objectives, which may not fully happen during the lifetime of this Plan, would represent major steps forward. The mission statement reflects our role in the accountability process. If the Plan is followed we should be able to make an effective contribution to improving public accountability in Uganda.
12. We will need to take a risk based management approach in order to achieve this Plan. The risk drivers in Appendix 2 are organized to focus on a results orientated management approach, in line with and clearly reflecting the policy of, the Government. This could stand as an exemplar in the public service as a practical demonstration of that policy.

### **Logical framework and strategies to deliver the strategic objectives**

13. The Plan sets out a logical framework of tasks, delivery timetable, allocates responsibilities and identifies appropriate performance indicators for achieving the strategic objectives at Appendix 5. This is converted into a series of strategies to enable the key issues arising from the logical framework approach to the delivery of the strategic objectives at Table 1. These are a series of inter related approaches which combine to assist us meet the requirements of this Corporate Plan.

### **Conclusions**

14. This is an ambitious plan which identifies the way ahead to enable us achieve our aims and objectives. The reality is, however, that given the constraints under which we operate it is likely that it will take us more than five years to achieve all

of the objectives. It will take much longer, and may never be achieved, if the proposed new legislation is further delayed or does not afford us the powers necessary to deliver it. It is essential, under these circumstances, that we are given the necessary funding and financial independence so that it can afford the costs of this reform programme.

15. With such powers also comes the challenge of responsibility which we must directly address and be seen to address. Effective strategic management arrangements need to be established to ensure that we properly plan to meet the challenges that will occur over the lifetime of this Corporate Plan and beyond. We cannot continue to standstill given the expectations of stakeholders and the public. The preparation of this Plan demonstrates our commitment to maintain the momentum of reform. We will need to manage the office in a more business-like manner rather than is customary in a traditional Public Service Department. This will require new sets of skills and this has been provided for in the Plan and in the short/medium term we will not have the necessary expertise to implement these activities. To address this issue we will need to source funds from development partners to buy-in expertise to assist in delivering some of the tasks set out in Appendix 5. A possible solution would be for us to develop links with an experienced Supreme Audit Institution. The Plan also identifies the need to develop a strategy to reduce dependency on development partners and external consultants by the end of the Corporate Planning period.
  
16. Stakeholders, particularly Parliament, have a crucial role to play to ensure that we achieve the objectives set out in this Plan. We do not operate in a vacuum. All contributors to the accountability cycle in Uganda will need to work together and shoulder their responsibilities to good effect and to provide the citizens of Uganda with the transparent and accountable public financial systems they need and deserve.

## **OFFICE OF THE AUDITOR GENERAL**

### **CORPORATE PLAN 1 JULY 2006-30 JUNE 2011**

#### **Part 1: Introduction**

##### **Background**

- 1.1 The Office of the Auditor General (the OAG) is the Supreme audit Institution (SAI) of Uganda. The OAG's history can be traced back to the 1900, when it was as an extension of the Directorate of the Colonial Audit Office based in London. In 1929 the Office was established in Uganda headed by an Auditor. The Office became the Supreme Audit Institution of Uganda in 1962 headed by the Comptroller and Auditor-General (AG).
- 1.2 The Auditor-General (AG) is appointed as an "External Auditor" by the Constitution, Public Finance and Accountability Act 2003 and other enabling legislation. As an external auditor, the AG has a statutory responsibility to report to parliament on the propriety and regularity of the way in which the government/taxpayers monies have been spent. Article 163 (3) (a) & (b) of the Constitution requires the AG to:
  - (i) audit and report on the public accounts of Uganda and on all public offices including the courts, the central and local government administrations, universities and public institutions of like nature, and any public corporation or other bodies or organizations established by an Act of Parliament; and
  - (ii) conduct financial and value for money audits in respect of any projects involving public funds.

##### **Main functions of the OAG**

- 1.3 The AG, as an external auditor, has the responsibility of expressing an opinion on the financial statements produced at the end of the financial year and reporting to Parliament.
- 1.4 In discharging its statutory responsibilities, the main functions of the Office include the following:
  - o Undertaking financial audit of all public accounts in respect of all public offices in accordance with laws which govern them;

- Carrying out value for money audits in respect of any projects involving public funds;
- Preparing and submitting to Parliament through the Public Accounts Committee (PAC), Local Government Accounts Committee (LGAC), Committee on Statutory Authorities and State Enterprises (COSASE), an annual report for the financial year immediately preceding;
- Assisting the committees (PAC, LGAC, COSASE) in carrying out their functions effectively, and assessing the adequacy of responses from the auditees to the Committees' recommendations;
- Controlling the release of funds from the Consolidated Fund;
- Auditing Uganda Missions abroad;
- Carrying out local inspections related to revenue and expenditure; and
- Reporting fraud and corruption identified during audits to the appropriate authorities.

1.5 Under Section 33 of the Public Finance and Accountability Act, 2003 the Auditor General is also required to satisfy himself that:

- The accounts conform to the requirements of the Act and regulations that govern them;
- Expenditures and receipts shown in the accounts have been dealt with in accordance with proper authority;
- The financial affairs of the entity audited and all revenues received and public moneys under its control have been handled and conducted with regularity and propriety by the accounting officer or any other responsible public officer; and
- All reasonable precaution have been taken to safeguard the receipt, custody, issue and proper use of government resources and property, and that any regulations, directives and instructions relating to them have been duly observed.

1.6 The budget allocation in 2005-2006 is, however, substantially higher than the cash allocation of U.Shs 5,732 million in 2004-2005 but most of the difference is derived from development partners and in real terms funding from Parliament has hardly increased at all. The budgetary allocation does not reflect the increasing workload of the OAG and the considerable extra demands placed upon it by legislation changes and the creation of new public entities. The funding restrictions have had a direct impact on the OAG's ability to deliver comprehensive, efficient and effective services.

**Increased workload resulting from legislation changes and creation of public entities.**

- 1.7 The previous plan identified a significant increase in our workload including increases in local government audits, including sub-counties, referral hospitals etc. This trend will continue throughout the planning period. In addition we plan to conduct VFM audits and continue to audit IFMS. These will require additional financial resources but given the previous track record such resources may not be made available and this could increase the risk that we are unable to discharge its mandate.

**Accountability**

- 1.8 We are accountable to Parliament for the funds it receives from the Government and Development Partners. Under Article 163 (9) of the Constitution of the Republic of Uganda, the financial statements of the Auditor General are required to be audited and reported upon by an Auditor appointed by Parliament.
- 1.9 In September 2005, Parliament appointed a private firm of auditors to audit our accounts covering the period 1st July 1998 to 30th June 2005.
- 1.10 We recognize the need to strengthen the Office Administration and Operations and have implemented the recommendations made by the auditors who carried out the previous audit which covered the period up to 30th June, 1998.

**Performance against the previous Corporate Plan**

- 1.11 We prepared a Corporate Plan for the period 1 July 2003 – 30 June 2006 which set out a number of priorities and tasks. Much effort was expended and some good progress made. Yet a lack of sufficient funds hindered significant and comprehensive progress towards achieving all objectives.
- 1.12 The 2003 – 2006 Corporate Plan achievements provide current auditing improvements and solid building blocks for this current Plan. The financial audit approach was reviewed and a new manual prepared and introduced. We have provided training to some staff in how to apply the Manual. In addition they have prepared an IT strategy and secured external funding to implement it which, when successfully implemented, will lead to efficiency savings and improve document management. The IT strategy also envisages the continuation of training for staff in the new Integrated Financial System (IFMS) and significant progress has also been achieved so far. We have continued to support more staff to achieve professional qualifications. The number of professional accountants has risen from four to 41 in line with expectations. Further support to other students is continuing. This encourages potential improvements in audit analysis, efficiency and quality of conclusions and recommendations.
- 1.13 We were unable to develop value for money audit as envisaged in the previous Corporate Plan because of insufficient financial resources and an external consultant we employed was unable to complete his assignment. External funding has, however,

been secured to finance a major value for money development programme. Progress has been made and VFM guidelines have been prepared and an implementation strategy has been approved to take VFM audit forward.

- 1.14 We continue to operate largely the same organisation structure set out in the 2003–2006 Plan although the Ministry of Public Service has recommended a new structure to Cabinet. The optimum management structure will be addressed early to reflect the new business activities to take us forward.
- 1.15 We have implemented most of the recommendations made by their external auditors to improve financial management in the office. However a lack of funds has made it impossible to resolve accommodation issues in Kampala and in the Districts. This Corporate Plan will take forward the outstanding issues arising from the previous financial audit, update them for continued relevance, and propose strategies and approaches that will be needed to successfully deliver them.

### **Where we are now**

- 1.16 This Corporate Plan seeks to answer the questions:
- Where do we realistically want to be in three years time? and
  - How do we get there?
- 1.17 This pre-supposes knowledge of where we are at the start of the planning period. Appendix 4 identifies the current position in an analytical manner, capable of subsequent analysis and action. Its strength is that our Directorate-level staff identified this position for themselves. This Appendix records these self-assessed results, and indicates what they may mean for the Corporate Plan. The Appendix requires careful study.
- 1.18 In relation to an independent SAI and given this analytical approach was new to us, the results provide cause for genuine optimism and a foundation on which to build. Our staff commitment to the cause is evident. They appreciate the current position and importantly recognise that further change is required.
- 1.19 Staff in the OAG perceives the importance of:
- Improving the organizational and business aspects alongside audit practices;
  - Developing ways of empowering staff to show initiative and make improvements;
  - Satisfying external stakeholders needs;
  - The Vision and Mission Statements – all Strategic Objectives converted into actions must directly contribute to their successful achievement. They are not merely words, they are the reason why we exist and the Plan exists to put these into practice.

- 1.20 This should not imply that difficulties and challenges ahead are not recognised. The SWOT analysis (Appendix 1) indicates potentially favourable and unfavourable aspects, both within and outside of OAG. The Risk Table (Appendix 2) sets these out clearly and indicates how strategic objectives may address these risks. A risk management approach for a newly independent OAG is essential. Part 2 contains discussion of both SWOT and Risk. These taken together with the SAI Maturity Model results and previous Plan progress provide a solid base on which to construct the 2006 – 2011 Corporate Plan.

### **Basis for the preparation of this Corporate Plan**

- 1.21 This Corporate Plan is set against a background of the Government of Uganda being heavily dependant on funding from development partners to develop its public sector. The country is also heavily dependant on agriculture and the private sector is in decline resulting in tax revenues not being maximised. Major infrastructure developments are being funded by development partners and will not be sustainable if tax income is not substantially increased and/or development partners cease funding. Major IT developments are financed almost totally by development partners (World Bank) and are only sustainable if sufficient resources are made available in the future. These reforms will also, over time, lead to the slimming down of the public sector as government organisations become more efficient. If the private sector is not able to take on staff then unemployment will grow substantially and levels of poverty will also increase.
- 1.22 We operate in this environment and suffer in the same way. If the Auditor-General is to receive the funding he needs to cover his expenditure requirements from Parliament he will need to be treated differently to the rest of the Civil Service. Is there real incentive to do this within government while development partners continue to pick up some of the funding gaps? There is some room for scepticism given the delay in enacting a comprehensive Audit Bill. The Constitution has recently been amended, subject to Presidential approval, and the amendments have given us some flexibility to recruit, retain and motivate staff and paves the way for the new Audit Bill. It is essential that this Bill, giving us sufficient powers, is enacted as soon as possible.
- 1.23 There is a belief, however, that given the limited public financial resources the executive believe that financial independence cannot be afforded and there is a risk that additional finances would be wasted. The Audit Bill will need to ensure that financial independence is assured and that we are funded directly from the Consolidated Fund without requiring the approval of the Ministry of Finance. The Corporate Plan is prepared on the understanding that the Audit Bill will be enacted, within the lifetime of this Plan, and sufficient funds will be made available to implement it. If these conditions are not met then we will need to re-prioritise and change the emphasis of the Plan. The Corporate Plan is a living document which must be reviewed and updated at least annually or as and when circumstances change. The Plan has identified the strengths, weaknesses, opportunities and threats (SWOT analysis) and these are set out in Appendix 1. This is translated into a risk assessment at Appendix 2 to ensure that the issues arising from the SWOT analysis are covered.

- 1.24 Part 3 of the Plan also sets out the vision, mission and strategic objectives to achieve the vision to respond to the SWOT analysis at Appendix 1. The objectives have also been designed to meet the standards of the International Organisation of Supreme Audit Institutions (INTOSAI). The OAG is a member of this body. We have assessed ourselves against those standards and requirements at Appendix 4 and these demonstrate that the office has much to do to meet those standards and achieve its vision. The strategic objectives lay the foundation for achievement but they are ambitious and will require adequate funding and commitment from staff and stakeholders. If the necessary funding and commitment is then there is a significant risk that the objectives will not be achieved and we will not move forward and be able to provide the audit services necessary to serve the citizens of Uganda. Parliament must now decide whether or not, in this context, it wants a strong independent OAG able to effectively fulfill its mandate. At Appendix 5 the Plan sets out our strategic response in a logical framework approach which sets out the tasks necessary to achieve the objectives and responsibilities have been assigned, together with a timetable for implementation and how performance will be measured.
- 1.25 Part 2 of this Plan sets out business developments and issues expected to arise over the planning period. Part 3 identifies where we want to be at the end of the planning period. Finally Part 4 sets proposals for achieving objectives and addressing the strategic risks identified during the planning process

## **OFFICE OF THE AUDITOR GENERAL**

### **CORPORATE PLAN 1 JULY 2006-30 JUNE 2011**

#### **Part 2 Business developments and issues arising**

##### **Introduction**

- 2.1 The role and mandate of the Auditor-General is expected to go through considerable change during the lifetime of the Plan. Workload is increasing and is expected to increase further during the planning cycle. Article 163 of the Constitution has been amended to strengthen the statutory position of the Auditor-General and to give him more powers over staffing issues. The amendments to the Constitution also pave the way for the enactment of an Audit Bill which should occur in the lifetime of the next Parliament. These provide great opportunities for us to move forward to becoming a more independent and dynamic organisation. This Plan assumes that the necessary legislation will be put in place during the lifetime of this plan.
- 2.2 In addition one of the problems of being able to demonstrate that increased funds are essential is the absence of good quality management information being available internally. There is, for example, no record of how long staff spends on individual audits or what each audit actually costs.
- 2.3 This Plan will assist us to develop appropriate management information systems that will enable us prepare sound and defensible fully costed budgets and monitor progress against them. Until such a system is in place we will struggle to defend budgets and estimates. This part also includes a review of the Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis at Appendix 1 and a look at the strategic response to risk at Appendix 2.

##### **Developments in Financial Audit**

- 2.4 We have had to respond to an increasing number of financial audits with a requirement to audit all missions abroad annually, which are costly to audit in terms of logistics, the introduction of self accounting referral hospitals and the creation of more districts and local governments. These have placed a strain on our resources to the point where the majority of audits in local government, particularly at sub-county level, are well behind schedule and backlogs are growing.
- 2.5 As an interim response the World Bank has provided the equivalent of \$350,000 to pay for private sector auditors to undertake some financial audits at the sub-county level. This is likely to be a short-term response and we will need to pick up the mantle at some point soon which will require additional resources, not just in the Directorate responsible for the audits of local government but throughout the office. Furthermore almost 50 per cent of the audits of Statutory Corporations are undertaken by private

sector auditors on behalf of the Auditor-General because of a lack of in-house trained capacity. These audits are expensive and increase the burden on the taxpayer. The lack of trained capacity also includes insufficient trained staff to undertake IT, performance and revenue audits as well as a shortage of trained managers.

- 2.6 To assist staff improve their financial audit skills development partners have provided funding to enable a significant number of staff benefit from financial audit training over the next two years. This includes supporting our staff to obtain professional qualifications. In addition there is mounting pressure in Uganda to see Revenue collecting departments increase revenue from taxes and duties. There is some prospect that development partners will fund additional training in Revenue audit to enable us to add value to this process. The Corporate Plan will be used to assist us develop strategies to deal with these issues during the planning period.

### **Value for Money Audit**

- 2.7 The Constitution requires us to undertake value for money audits (VFM). Historically and mainly because of funding constraints and the absence of trained staff we have been unable to carry out such audits in any meaningful way. The previous Corporate Plan envisaged a substantial increase in the development of value for money audit but this was not realised again because of the lack of funding and trained resources. There is an expectation from stakeholders, including Parliament that we should be carrying out more VFM audits.
- 2.8 In response we have been successful in securing funding from development partners to develop VFM audit in the OAG. In addition we have, with the assistance of an external consultant, produced a handbook to assist us undertake VFM audits.
- 2.9 This Plan will assist us build on proposals already approved and in developing a strategy to utilise external resources effectively and develop a VFM audit approach and strategy during the lifetime of this Corporate Plan. A major risk to the successful implementation of VFM auditing is the lack accurate and reliable data in Departments etc to enable results to be quantified and soundly based conclusions drawn.

### **IT Developments**

- 2.10 As the new Integrated Financial Management System (IFMS) is rolled out over the planning period further demands will be placed on us to audit the system as it develops. In addition the burden on us will also be increased as the office will be a user of IFMS. Some staff have been trained in the application and audit of IFMS but others will need to be trained. In response to this development we have, with the help of external consultants, established an IT strategy which covers IT development and management, training, including sponsoring 12 staff to obtain professional IT qualifications, audit approach and the software necessary to assist the auditors carry out IT audits. We have also already made good use of an IT workgroup to develop IT

policies and support and develop the IT strategy. The key elements of the IT strategy are set out in Appendix 3.

- 2.11 The cost of financing the IT strategy which includes the procurement of hardware and software, training and the creation of wide area networks requires substantial financial investment. As existing and proposed budgets will not enable us to fully implement the strategy several development partners have agreed to bear a substantial portion of this initial capital investment and we have prudently provided for the recurrent costs, including leased telephone lines and maintenance, in its IT strategy and existing budgets. While this addresses the problem in the short/medium term we will need to find funds for replacement of the equipment and future developments. This Plan will assist us address these problems during the planning period. In order to maximize the benefits from the substantial investment in IT we must mitigate the risks associated with the development of an IT infrastructure. One of the main priorities is appointing suitably qualified staff to properly manage and administer the IT network and equipment and we have identified this risk in our IT strategy. As a first step we have already appointed a fully qualified IT manager on a short term contract but we must recruit more qualified IT support staff and appropriately position the IT support unit in the proposed new organization structure.

### **Management Structure**

- 2.12 The Ministry of Public Service has recommended to Cabinet a new management structure for the office. This structure is intended to enable us better organize and deliver better management arrangements. The review recommended the creation of an Assistant Auditor-General and a further 27 senior management posts. The Office will be reconfigured into three Directorates and two Departments.
- 2.13 The Directorates will cover the front line auditing groups of central government accounts, local authority accounts and statutory institutions. The two Departments will cover Finance and Administration and VFM Audit, Development and Quality Assurance. The Finance and Administration Department will be headed by an Under Secretary and employ specialists such as Accountants and Personnel Officers etc. The VFM department will be headed by an Assistant Director of Audit.
- 2.14 However the Corporate Plan is proposing much more ambitious proposals for developing and managing the OAG as the Auditor-General takes advantage of the new powers given to him following the amendments to the Constitution and proposals in the Audit Bill. As part of the planning process consultations have taken place with staff and there is a clear need to review the management structure to allay concerns of staff, particularly those working in the regions, to ensure an optimum structure is put in place. Staff expressed concerns about such issues as the need to reward effort and contribution, the management of job rotation and opportunities to develop professionally through better access to training. To address these issues we must develop policies for the deployment and development of staff. There is also a need to create an IT audit and IT unit to effectively support the Information Communications

Technology infrastructure in the OAG. We should also establish a Policy and Research Unit to develop internal policies, code of ethics and liaison with international bodies such as INTOSAI and other Supreme Audit Institutions. The creation of these new departments exceeds the proposals put forward by the Ministry of Public Service but is essential if we are to create an effective organization structure.

### **Funding**

- 2.15 The OAG like most governmental organisations is vote funded on budgets approved by Parliament but controlled by the Ministry of Finance and Economic Planning. Budgets have never been approved in full and often releases are less than the approved budgets. We are also part of the Accountability Sector in the Medium Term Expenditure Framework (MTEF), where financial planning covers a 3-year cycle, and as such budgets are subject to capping. Any flexibility to increase budgets is only possible if another organisation within the sector is prepared to take less. While this enables the government to control public spending it does not enable us to have the finances necessary to fulfil its statutory obligations.
- 2.16 To partly resolve this serious problem we have sought funds from development partners to fund specific activities with some degree of success. The Corporate Plan envisages that the proposed new legislation will give us greater financial freedom to enable us to achieve our mandate through increased funding that is defensible and based on budgets that are soundly based and properly costed.

### **Office Accommodation**

- 2.17 Accommodation, both in Kampala and in the regions, continues to be a major cause for concern. We share office accommodation with clients in five of the ten regions and the quality of the accommodation is generally of a poor standard and does not give the impression of the OAG being an independent organisation. At HQ there is a real need for an all-purpose building dedicated to the OAG. Currently budget allocations do not allow us to resolve these accommodation issues.
- 2.18 There is some possibility that under the proposed new Public Financial Management Reform programme due to commence early in 2006, funding maybe made available from development partners to fund new office blocks in Kampala, Mbale, Mbarara and Jinja. This project, which will replace EFMP II, has at the time of writing yet to be approved. The Corporate Plan identifies strategies and proposals for us to take the issue forward based on properly costed and soundly based proposals ready for when the Audit Bill is enacted.

## **Training**

- 2.19 We have in recent years followed a policy of encouraging staff to obtain professional accountancy qualifications. Currently 41 staff have achieved such qualifications and the drive for more staff to become professionally qualified will be pursued throughout the planning period. Staff have also been trained in using the IFMS system and we have been successful in securing almost \$2 million to train staff in financial audit, VFM audit, possibly Revenue audit, IT audit, IT based documentation management and the use of Computer Assisted Audit Techniques over the next two years.
- 2.20 The successful completion of these training programmes, together with increasing numbers of professional staff, will increase the competence of the office and also should lead to improved efficiency. The Plan will assist us develop its training activities by undertaking a needs analysis and encouraging us to develop a training strategy that takes into account the needs of both the office and members of staff. This will create, however, a further risk that if increased remuneration and opportunities are not realised, the newly qualified will leave the OAG and the public sector to seek more highly paid jobs in the private sector.

## **Communications**

- 2.21 There is a strong feeling amongst staff that the communications within the OAG need to be improved, staff in the regions are particularly concerned. To address staff concerns a Communications Working Group was established over two years ago. One of its key achievements has been the development of an in-house bulletin and made available to staff. To date five bulletins have been issued.
- 2.22 The Group are concerned that staff have not been forthcoming in providing articles and a lack of financial resources to purchase modern equipment and introduce new techniques. The Plan will outline possible strategies to improve internal communication, including using the benefits of new technology to develop an intranet containing essential information of use to all staff.

## **Strengths, Weaknesses, Opportunities, Threats (SWOT) Analysis**

- 2.23 As part of the Planning process we undertook a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis to enable a focused response to be made in the Corporate Plan to the issues arising from this analysis. The results are set out in Appendix 1. The results show that while we have many strengths there are weaknesses in many key areas and staff feel that the threats far outweigh the opportunities. The main concerns focussed on funding constraints, lack of independence, inadequate remuneration, over dependence on developments partners and external consultants and poor internal and external communications.

2.24 There was some optimism that the proposed new legislation would address some of these issues and there are signs that staff are committed to the organization and its goals. The Corporate Plan identifies the strategic response to this analysis and the actions necessary to address the concerns over the lifetime of the planning period.

### **Strategic Risk and Response Table**

2.25 To assess the impact and the way forward based on the SWOT analysis Appendix 2 sets out the strategic risks which could adversely impact on the successful implementation of the Corporate Plan. Appendix 2 is further developed to set out how the risks will be addressed through strategic objectives.

2.26 This analysis will be discussed later in the report. This plan, therefore, offers a logical approach to dealing with issues and problems with the objective of delivering a successful Corporate Plan providing the planning assumptions do not change or are not achieved.

# **OFFICE OF THE AUDITOR GENERAL**

## **CORPORATE PLAN 1 JULY 2006-30 JUNE 2011**

### **Part 3 Vision, Mission and Strategic Objectives**

#### **Introduction**

- 3.1 Part 2 of the plan has set out the business developments and issues arising which may impact on the successful delivery of the Corporate Plan together with the identification of strengths, weaknesses, opportunities and threats together with the strategic risks as a consequence. This part of the Corporate Plan sets out the vision, mission and the associated strategic objectives to achieve the vision and mission. The strategic objectives are also key to answering the strategic risks outlined in Appendix 2.

#### **Vision**

- 3.2 Our vision is “To be an effective and efficient Supreme Audit Institution (SAI) in promoting effective public accountability.” We are a member of the International Organisation of Supreme Audit Institutions (INTOSAI) which is a body which provides advice, guidance and support to its 194 members. These bodies are the equivalent of the OAG in countries throughout the world. Our aim is to be an efficient and effective member of the community of Supreme Audit Institutions. This is a challenging vision which will take several planning cycles to achieve. The analysis of the SAI maturity model at Appendix 4 highlights the work needed to be done for us to become an efficient and effective SAI.

#### **Mission**

- 3.3 Our mission statement is “To audit and report to Parliament and thereby making an effective contribution to improving public accountability and value for money spent” and is a practical demonstration of our role in promoting accountability in the public sector. The statement has been expanded not only to include its role on financial audit but also value for money. The statement also reflects our ambition by making an effective contribution to accountability in the public finances of Uganda.

## Strategic Objectives

- 3.4 To achieve the vision, mission and address the risks identified in Appendix 2 the Corporate Plan has identified these six strategic objectives which are
- To secure the financial and operational independence of the Auditor-General
  - To improve the quality of both the OAG's budget preparation and monitoring processes and management information systems.
  - To create an environment that enables the OAG to operate efficiently and recruit, retain and motivate suitable staff.
  - To improve internal and external communications to raise the profile of the OAG with staff and key stakeholders
  - To improve the quality of audit work by improving financial and value for money audits and developing and implementing effective quality assurance arrangements
  - To promote increased accountability, probity and transparency in the management of public funds and resources by producing reports that add value and make positive and practical recommendations.
- 3.5 These objectives have been designed on the understanding that the Audit Bill will be enacted and that we will have sufficient financial resources to fully implement the Plan. If the Bill is not enacted or the necessary funding is not made available the Plan will not be achieved and the strategic objectives will need to be reviewed and amended. The objectives are built around securing financial and operational independence and improving the budgeting system, enhancing efficiency, continuing the development of staff, strengthening internal and external communications, quality and focusing on the efficiency of audit work and on report writing.
- 3.6 These objectives address the key concerns and will serve as a vehicle for taking the OAG forward and becoming an effective SAI. The Plan also establishes a logical framework of tasks, at Appendix 5, a timetable, responsibilities and indicators to assess performance against the Plan. This will be discussed in Part 4 to this Corporate Plan. However, we will not have the necessary expertise internally to undertake all of the tasks set out in Appendix 5. While the amendments to the Constitution give us powers to recruit staff we will continue to be, in the short/medium term, constrained financially. We will need to source additional funds from development partners to buy-in the necessary skills form an experienced Supreme Audit Institution. The Plan also proposes that we will develop a strategy to reduce dependency on development partners and external consultants by the end of the planning period.

# **OFFICE OF THE AUDITOR GENERAL**

## **CORPORATE PLAN 1 JULY 2006-30 JUNE 2011**

### **Part 4 Logical framework and strategies for implementing the Plan**

#### **Introduction**

- 4.1 Part 3 to this Plan sets out the Vision, Mission and Strategic Objectives of the OAG. The objectives are designed to assist us achieve our vision, address the risks set out in Appendix 2 and enable progress to be made against the requirements of the SAI maturity model at Appendix 4. To achieve the objectives within the timeframe of this Corporate Plan will be challenging and will require commitment from all stakeholders and staff. If the objectives are to be implemented then an action plan needs to be established together with a series of strategies to support successful delivery. The logical framework at Appendix 5 sets out the actions and tasks necessary to achieve the objectives. The logical framework has been expanded to assign responsibilities, establish a timetable and identify appropriate performance indicators for measuring progress.
- 4.2 If the Plan is to be successful there are a number of key areas where we need to improve our performance. The quality of management information and statistical information needs to be improved. The systems follow the general requirements of the Civil Service and if we are going to be able to act independently the quality of data management will have to improve substantially.
- 4.3 Making optimum use of technology to enhance the efficiency and effectiveness of our operations is a key strategic requirement. We should ensure, therefore, that the IT strategy is implemented as an integral part of this Corporate Plan. Furthermore the rapidly changing nature of information and communications technology requires us to review its IT strategy frequently and update them whenever necessary. The key elements of the IT strategy are set out in Appendix 3.
- 4.4 The Corporate Plan also takes forward the issue of the strategies needed to improve. These strategies are detailed in Table 1.

**Table 1 Strategies to deliver the Corporate Plan**

These should be read in conjunction with the Risk Table (Appendix 2) and the self assessed current position (Appendix 4). They flow from the Logical Framework (Appendix 5).

Strategy	Aim	Constraints	Directions
<p><b>Developing Financial Audit Approach and Methodologies</b></p>	<p>Convert Vision and Mission Statements into reality by fulfilling the Statutory Mandate in a professional and forward-looking manner</p>	<ol style="list-style-type: none"> <li>1 Time, Resources and yet-to-be realised Efficiencies</li> <li>2 Uncertainty over our exact status</li> <li>3 Backlog of unaudited accounts, particularly Sub-Counties</li> <li>4 Temporary development partner funding to enable private sector auditors reduce backlogs ceases</li> <li>5 New Financial Audit Manual bedding in and staff confidence and competence in its use growing</li> </ol>	<ol style="list-style-type: none"> <li>1 Completely fulfil the Statutory Mandate of annual financial audit opinions and necessary reports on all Public Sector Financial Statements providing audit assurances to Parliament</li> <li>2 Maintain the position regarding Central Government and concurrently eliminate the shortfall in Financial Statements actually audited</li> <li>3 Consider introduction of Revenue Audit Capability</li> </ol>
<p><b>Establish Value for Money Audit Capability and Strategy</b></p>	<p>Convert Vision and Mission Statements into reality by fulfilling the Statutory Mandate in a professional and forward-looking manner</p>	<ol style="list-style-type: none"> <li>1 Time required to introduce and embed</li> <li>2 Uncertainty over our exact status</li> <li>3 Funding uncertainty beyond existing 3-year development partner funding</li> <li>4 Quality issues surrounding availability of reliable and timely data and information on which to base value for money audits</li> <li>5 Understanding and acceptance of value for money issues by recipients</li> </ol>	<ol style="list-style-type: none"> <li>1 Fulfil the Statutory Mandate, (PFAA 2000), to conduct Value for Money Audits on any project involving public funds</li> <li>2 Develop capabilities in terms of: <ul style="list-style-type: none"> <li>• Staff and associated resources</li> <li>• Testing the VfM Handbook and appropriate training</li> <li>• Build on the existing VfM Implementation Strategy paper</li> </ul> </li> <li>3 Apply capabilities in practice and production of value-adding audits</li> </ol>

Strategy	Aim	Constraints	Directions
<p><b>Introduce Quality Assurance procedures on all audit products</b></p>	<p>Grow an organisational certainty in producing top quality audit and outputs</p>	<ol style="list-style-type: none"> <li>1 New Financial Audit Manual continues to bed in, and Value for Money Handbook to be produced and rolled out</li> <li>2 Time and Resources required to introduce and embed</li> <li>3 Awareness training for line auditors required</li> <li>4 Relationships with private sector auditors is weak</li> <li>5 Absence of public sector auditing standards</li> </ol>	<ol style="list-style-type: none"> <li>1. Develop the Research &amp; Development Department capabilities to provide professionally competent: <ul style="list-style-type: none"> <li>• Audit technical advice to line auditors on specific Manual methodology queries;</li> <li>• Quality review and assurance standards and practices – financial and value for money audits – and roll out to line audit managers and supervisors;</li> <li>• Constructive reviews and feedback of a sample of audits – financial and value for money audits</li> </ul> </li> <li>1 Develop &amp; apply consistent approach, standards and practices across all audit teams and Directorates for audit line review.</li> </ol>
<p><b>Establish modern Human Resource Policies and Practices</b></p>	<ol style="list-style-type: none"> <li>1 Make us the organisation of choice for the best relevant graduates and professionals; and retain and grow them.</li> <li>2 We value our staff</li> </ol>	<ol style="list-style-type: none"> <li>1 Time, Resources and yet-to-be realised Efficiencies</li> <li>2 Uncertainty over our exact status</li> <li>3 Staff turnover increases</li> </ol>	<ol style="list-style-type: none"> <li>1 Develop &amp; apply comprehensive human resource policies and practices that are forward-looking and directly support our development</li> <li>2 In particular, focus attention on: <ul style="list-style-type: none"> <li>• Competence-based needs assessments</li> <li>• Transparent policies and practices</li> <li>• Performance related reward systems</li> <li>• Relevant management and audit training programmes</li> <li>• Balanced recruitment, retention and progression practices, including attracting young professionals and graduates</li> </ul> </li> </ol>

Strategy	Aim	Constraints	Directions
<p><b>Design effective Information Management systems</b></p>	<p>Reliably and effectively contribute to our Vision and Mission by well considered and innovative but practical solutions to our information needs</p>	<p>1 Time, and yet-to-be realised Efficiencies</p> <p>2 Funding uncertainties beyond existing development partner agreements in respect of:</p> <ul style="list-style-type: none"> <li>• Refresh policies</li> <li>• Provision of maintenance, licence and other software support</li> <li>• Appropriate skilled and experienced staff resources to support network, operating platform and applications</li> </ul>	<p>1 Implement previously agreed developments re-increased hardware, networking, security and associated platforms.</p> <p>2 Consolidate these developments into our fabric through:</p> <ul style="list-style-type: none"> <li>• Create and implement an on-going awareness and training programme for key personnel – management, audit, and support staff</li> <li>• Designing and implementing recognised procedures</li> <li>• Planning and preparing for the period beyond Direction 1</li> <li>• Supporting appropriate business and audit application software</li> </ul>

Strategy	Aims	Constraints	Directions
<b>Develop Effective OAG Financial Management Arrangements</b>	Develop financial management and budgetary practices that demonstrate our effectiveness, efficiency and economy, and which stand as a good example to the Ugandan Public Sector	<ol style="list-style-type: none"> <li>1 Uncertainty over our exact status</li> <li>2 Time, Resources and yet-to-be realised Efficiencies</li> <li>3 Uneven flow of Development Partner funding</li> </ol>	<ol style="list-style-type: none"> <li>1 Obtain unqualified opinions on well-presented annual Financial Statements each year</li> <li>2 Introduce revised budgeting and monitoring procedures based on reliable workload and costing data</li> <li>3 Devise monthly monitoring procedures and use for proactive management and efficiency improvement, in conjunction with Strategic Management targets</li> </ol>
<b>Improve Effective Internal Communications</b>	Create a corporate sense of belonging, through open two-way communication between functions and grades	<ol style="list-style-type: none"> <li>1 Time taken to establish effective links</li> <li>2 Office culture may not encourage openness</li> </ol>	<ol style="list-style-type: none"> <li>1 Develop databases available to all relevant personnel</li> <li>2 Provide recognisable channels – formal and informal – for effective communication to take place, including use of our website</li> <li>3 Create an environment which is open and welcomes staff contributions</li> </ol>
<b>Improve Effective External Communications</b>	Encourage external stakeholders, including PAC and Civil Society and anti corruption agencies, to view us as a well-managed, professional, constructive and forward-looking organization for the good of society	<ol style="list-style-type: none"> <li>1. Uncertainty over our exact status</li> <li>2 Variable understandings of our role by various stakeholders</li> <li>3 Access to reports and information from is restricted</li> </ol>	<ol style="list-style-type: none"> <li>1 Develop constructive professional relationships with all external stakeholder groups</li> <li>2 Present a professional image both formally and informally – electronically, hardcopy and in person</li> <li>3 Consider innovations in reporting media, formats and styles and in supporting key messages emerging from audit work</li> <li>4 Develop strategy for extending availability of reports</li> </ol>

4.5 Table 1 demonstrates the strategies that need to be developed and implemented if the plan is to be successful. In addition there are 52 main risks set out in Appendix 2 grouped around the following strategic risks which are:-

- Our independence as professionally defined by INTOSAI, is impaired;
- We do not effectively demonstrate accountability commensurate with level of independence.
- Our ability to access data and follow up recommendations is impaired.
- Our conduct is inconsistent with INTOSAI standards.
- Our governance arrangements do not support strategic objectives and standards.
- Senior management cadre becomes detached from strategic objectives.
- Senior management cadre do not:-
  - a. own
  - b. implement
  - c. cascadevision, mission and strategic objectives.
- Personnel policies and practice ineffectively contribute to our development.
- We afford insufficient priority to the acquisition, retention, development and circularization of knowledge.
- ICT strategy becomes unsustainable.
- We are significantly constrained in discharging its statutory mandate;
- Processes develop at an insufficient pace to support necessary improvement.
- Enabling revisions and enhancement do not produce expected improvement in result (people, external stakeholder, results).
- Enabling revision and enhancement do not demonstrate expected improvements in our performance.

4.6 These strategic risks must be addressed if the Plan is to succeed. In addition they are not mutually exclusive and can impact on each other. The 5 strategic risks that are SAI preconditions as defined in the SAI maturity model are crucial to the Plan's implementation. If these are not fully and collectively addressed the Plan will fail. The remaining strategic risks, if not addressed would seriously hinder the Plan's progress. It is essential, therefore, that our management acts strategically when addressing these risks.

4.7 Furthermore the 52 main risks are each capable of further analysis. This indicates the size and sheer complexity of the task facing us in implementing this Plan.

**OFFICE OF THE AUDITOR-GENERAL CORPORATE PLAN 1 JULY 2006- 30**  
**JUNE 2011**

**STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS (SWOT)  
ANALYSIS**

**STRENGTHS**

1. Clear understanding at the top of that change is essential
2. Staff commitment
3. Many positive initiatives to take the office forward
4. Good commitment from top management to drive through change
5. Good commitment from development partners
6. Reporting timetable nearly up to date (up to date on central government accounts)
7. Staff retention is good and number of professionals is increasing (4-41 in 3 years and growing)
8. Absence of competitive pressure
9. IT strategy developed and costed and funding obtained externally to finance it together with a training programme
10. External funds sourced to finance some VFM development and an implementation strategy and handbook prepared
11. Received technical support in the past to develop capacity
12. Corporate Plan produced and acting as a driver for the OAG
13. Financial audit manual in place, training programme established and funds raised to finance it
14. Commitment from Parliament to have all accounts audited on a timely basis
15. Mandate adequate to enable us fulfill statutory obligations
16. Positive image of the OAG

**WEAKNESSES**

1. Over reliant on development partner funding/government failure to properly finance (not independent)
2. Consultants occupying key positions
3. Imposed senior management structure does not allow sufficient time for the provision of strategic management and direction as management forced to act reactively most of the time
4. Unable to independently recruit staff and determine optimal organisational structure
5. Unable to determine staff pay rates
6. Audits of Local Authority (Districts, Town and Municipal Councils) financial statements are behind schedule because of resource constraints

7. Audits of statutory corporations financial statements are behind schedule because of the failure of these corporations to produce accounts on time
8. Audits of Sub Counties well behind schedule due to resource constraints
9. Reports are not written with readers in mind
10. Financial impacts arising from audits are not quantified
11. Workload (IFMIS, Sub-Counties etc, Referral Hospitals, etc) is growing but not resources
12. Inability to discharge all obligations e.g. VFM/local authorities
13. Accounts of the OAG not audited since 1998
14. Budget procedures do not allow for full cost recovery on individual audits.
15. Time spent on jobs not budgeted for or measured.
16. Staff not rewarded for their contribution/performance
17. Office accommodated too close to clients and not seen as independent and accommodation in the regions is generally poor
18. Over dependence on MoF for facilities etc
19. Absence of a strategy to ensure the proper transference of skills from consultants
20. Authorisation role on award of pensions together with issues set in the local government legislation compromises independence
21. Public access to reports is limited
22. Flow of information within HQ and HQ and Districts is poor
23. Effective support functions are not in place
24. Lack of a staff deployment policy and ineffective supervision of staff
25. Failure to maximise the benefits arising from employing staff in the regions
26. Research and Development Unit not yet operational
27. Annual operational plans are not prepared to complement the Corporate Plan

## **OPPORTUNITIES**

1. New legislation will help on the independence issues
2. Development partner support will help keep the office running in the short medium term
3. Appointment of a Board should improve management of the OAG
4. Greater public/media awareness in issues of accountability, transparency and value for money
5. New parliamentary structure and new PAC gives opportunity to influence
6. Expanding workload in the public sector

## **THREATS**

1. New legislation delayed and may not address all of the issues facing the OAG or, at worst, not enacted
2. No audit comment on major issues such as impact of privatisations (expectation/credibility?)
3. Risk of losing qualified/trained staff
4. Unable to recruit sufficient numbers of top graduates

5. PAC may not deal promptly or effectively with reports because of resource constraints
6. Public/Media perception continues that OAG is part of the executive
7. Implementation of the Audit bill continues to be delayed or not enacted
8. The provisions of the bill are not fully implemented
9. Unsuitable partner is selected to assist the OAG capacity build
10. Development partners may lose confidence in the pace of reform and potential sources of additional funds may be lost
11. Trying to make too many changes in too short a period
12. Failure to properly audit systems such as IFMIS
13. Inability to maintain IT equipment and properly implement the IT strategy through lack of funds
14. Inflexibility of MTEF
15. Increase in litigation
16. Morale may be severely lowered if benefits are lost following implementation of the new legislation
17. Failure of clients to act on audit observations

**OFFICE OF THE AUDITOR-GENERAL CORPORATE PLAN 1 JULY 2006 – 30 JUNE 2011**

**STRATEGIC RISK & RESPONSE TABLE**

<b>RISK DRIVER</b>	<b>STRATEGIC RISK</b>	<b>RISK</b>	<b>STRATEGIC RESPONSE</b>
All	All	All	Ensure <u>all</u> responses contribute to, and are in accordance with, the Vision and Mission Statements
<b>SAI Conditions</b>	Our Independence, as professionally defined by INTOSAI, is impaired	New Legislation: a) Is delayed b) Does not effectively address all key issues c) Is not enacted	Strategic objective no.:  1.1 1.2
		New Legislation, once enacted, is not fully implemented: a) Operational hindrances: 1 Other risks are not effectively addressed 2 PSC retains excessive influence b) Financial hindrances: 1 Constitutional 2 Public sector budgetary processes, particularly continued inclusion in MTEF 3 Parliamentary understanding	1.1 1.2 1.3 1.4 1.5 2.1 2.2 4.3 4.4, 4.5 6.1 6.4
		A.G. 'Award of Pensions' role compromises independence	1.1 1.2
		We are accommodated too close to Ministry of Finance and not perceived as Independent therefore	1.5 2.1
		Over-dependent on the Ministry of Finance for facilities	1.4
		We are over-reliant on Development Partners funding	1.3 and 3.1 in combination 1.4

RISK DRIVER	STRATEGIC RISK	RISK	STRATEGIC RESPONSE
	We do not effectively demonstrate Accountability commensurate with level of Independence	Our annual accounts are not independently audited	Strategic objective no.: <b>1.1</b> <b>1.3</b> 1.4 6.4 6.5
		Parliament and its relevant Commission/Committees develops misapprehensions concerning our status	<b>1.2, 4.3, 4.4, &amp; 6.1 in combination and on-going</b> 1.3 5.5 6.4
		AG's Annual Report on our performance is insufficiently evidenced	<b>2.1 &amp; 2.2 in combination</b> <b>6.4</b> <b>6.5</b>
		General Public access to our reports is not widespread	<b>4.5</b> 4.3 & 4.4 in combination & on-going basis 6.2
	Our ability to access data and follow up recommendations is impaired	Our access to data as an independent body is hindered	Strategic objective no.: <b>1.1 &amp; 1.2 in combination</b> 1.3 1.5 4.4 & 4.5 on-going
		Our access to data of sufficient quality to be subjected to audit is insufficient, e.g. some local authorities and statutory bodies leading to audit assurance gaps	4.3 <b>5.1</b>
		OAG does not follow up or is hindered from following up recommendations to: a) Confirm implementation b) Evaluate outcomes	1.1 1.2 4.4
	Our conduct is inconsistent with INTOSAI Standards	A Code of Conduct is not: a) prepared in line with INTOSAI and Ugandan requirements b) fully implemented, cascaded & monitored	Strategic objective no.: 3.3 in combination 4.1 & 4.2 in combination 5.5 6.4

<b>RISK DRIVER</b>	<b>STRATEGIC RISK</b>	<b>RISK</b>	<b>STRATEGIC RESPONSE</b>
	Our Governance arrangements do not support Strategic Objectives and Standards	Senior management set an inappropriate 'tone at the top' by not pro-actively managing all strategic risks	Strategic objective no.: <b>1.3</b> 2.1 3.2
		The newly-created Audit Board has inappropriate Terms of Reference and/or Conduct of Business arrangements	<b>1.3</b>
		Senior management fail to effectively coordinate strategies and activities and/or demonstrate and cascade a corporate purpose	1.3 3.2, 3.3 & 3.4 in combination 4.1& 4.2 in combination 5.6
<b>Leadership</b>	Our Senior Management cadre becomes detached from strategic objectives	Senior management cadre become reactive rather than pro-active due to time and/or work pressures	Strategic objective no.: 1.3
		Senior management cadre ineffectively enable staff to make constructive contributions to our developments and decision-making	3.3 & 3.4 in combination and on-going
<b>Vision/ Strategy</b>	Senior Management cadre do not: a) own b) implement and/or c) cascade Vision, Mission and Strategic Objectives	We do not develop a professional corporate identity and cascade to all staff	Strategic objective no.: 1.3 3.3 4.1, 4.2, 4.3 on-going
		Lapses occur in providing timely strategic direction	3.2
		Development partners unrealistically assess our absorption capacity and timescales	2.3 & 3.1 in combination

RISK DRIVER	STRATEGIC RISK	RISK	STRATEGIC RESPONSE
		We ineffectively coordinate the management of initiatives: <ul style="list-style-type: none"> <li>a) with and between development partners</li> <li>b) between development partners and Ugandan-sourced funding</li> </ul>	2.3 & 3.1 in combination 1.2, 4.3, 4.4 in combination
		Revisions to organisational structure take insufficient account of: <ul style="list-style-type: none"> <li>a) individual strategies and coordination of strategies</li> <li>b) impact of revised business and auditing processes</li> <li>c) the impact of technology on processes</li> </ul>	2.1, 2.2, 2.3 in combination <b>3.2</b> 3.3 5.1, 5.2, 5.4, 5.5, 5.7 in combination 6.2, 6.3, 6.4, 6.5 in combination
<b>People</b>	Personnel policies and practices ineffectively contribute to our development	We are hindered from independently: <ul style="list-style-type: none"> <li>a) recruiting staff</li> <li>b) setting staff pay &amp; conditions (in consultation with PSC), including staff performance-related pay arrangements</li> <li>c) developing and implementing staff competency statements, transparent annual appraisals, and training needs assessments</li> </ul>	Strategic objective no.: <b>1.1, 1.2 in combination</b> 3.3 & 3.4 in combination
		We cannot attract sufficient numbers of top graduates due to uncompetitive terms & conditions  There is ineffective coordination between personnel and training policies and practices	<b>3.3</b> 1.1  3.3 in combination 5.2 & 5.4 in combination

<b>RISK DRIVER</b>	<b>STRATEGIC RISK</b>	<b>RISK</b>	<b>STRATEGIC RESPONSE</b>
		Training courses do not address identified training needs	3.3
		Staff deployment and rotation policies and practices are not transparent and/or inconsistently applied	1.3
<b>Knowledge</b>	We afford insufficient priority to the acquisition, retention, development and circularisation of knowledge	Consultant skills and experience are not transferred to our staff	Strategic objective no.: 2.3 & 3.1 in combination
		Practical learning arising from audits completed is not circulated to staff and/or incorporated into Audit Manual or Handbook updates	4.1, 4.2
		Head Office and Regional Offices do not communicate effectively with each other	4.1, 4.2
		Skills and knowledge gained on Training Courses are not applied in practice and/or assessed for relevance	3.3
<b>Technology</b>	ICT strategy becomes unsustainable	We omit to adopt a lifecycle perspective relating to the acquisition, maintenance and refresh of: <ul style="list-style-type: none"> <li>• hardware and software,</li> <li>• networks,</li> <li>• in-house staff resources, and</li> <li>• skills acquisition &amp; retention</li> </ul>	Strategic objective no.: 1.4 2.1 6.4 & 6.5 in combination
<b>Resources</b>	We are significantly constrained in discharging its statutory mandate	We continue not to audit Sub Counties	Strategic objective no.: 1.1 2.2 2.3 & 3.1 in combination

RISK DRIVER	STRATEGIC RISK	RISK	STRATEGIC RESPONSE
		<p>Workload increases e.g. IFMS, Referral Hospitals without a commensurate:</p> <ul style="list-style-type: none"> <li>a) increase in resources</li> <li>b) increased efficiency in the use of current resources</li> </ul> <p>potentially leading to:</p> <ul style="list-style-type: none"> <li>a) further gaps in audit coverage and assurances;</li> <li>b) delays in implementing VfM audit; and/or</li> <li>c) reductions in audit technical quality</li> </ul>	<p>1.4 2.1 2.2 2.3 &amp; 3.1 in combination 3.2, 3.3, 3.4 in combination 4.2, 4.4 5.1 – 5.6 6.1 – 6.5</p>
		<p>We give insufficient priority to support functions, e.g. finance, IT, transport, legal</p>	<p>3.2 3.3 3.4</p>
		<p>Development partner funds may inadvertently adversely impact our long term development programme through:</p> <ul style="list-style-type: none"> <li>a) inconsistent flow year-on-year</li> <li>b) medium/longer term reductions not counterbalanced from local sources</li> </ul>	<p>2.3 &amp; 3.1 in combination</p>
<p><b>Processes</b></p>	<p>Processes develop at an insufficient pace to support necessary improvement</p>	<p>Our financial management arrangements and MIS do not:</p> <ul style="list-style-type: none"> <li>a) provide timely, relevant, and accurate information to managers and relevant key stakeholders</li> <li>b) provide costing information for each audit</li> <li>c) provide for adequate annual operational planning</li> </ul>	<p>Strategic objective no.: 1.4, 1.5 2.1 – 2.3 3.1 4.1– 4.5 6.1, 6.4, 6.5</p>

<b>RISK DRIVER</b>	<b>STRATEGIC RISK</b>	<b>RISK</b>	<b>STRATEGIC RESPONSE</b>
		Audit quality suffers through: <ul style="list-style-type: none"> <li>a) not building in quality at the audit planning stage</li> <li>b) inadequate quality review and assurance procedures</li> <li>c) operational delays and inadequate support for the Research &amp; Development Unit</li> <li>d) inadequate procedures to update audit manuals, handbooks and practices in line with professional developments in the international auditing field</li> </ul>	3.2 – 3.4 4.1– 4.5 <b>5.1 – 5.6</b> 6.1 – 6.3, 6.5
<b>People Results</b>	Enabling revisions and enhancements do not produce expected improvements in results	Personnel strategies are not fully incorporated into our overall strategic direction	Strategic objective no.: 1.3 <b>3.2 - 3.4</b>
		There is a failure to maximise benefits arising from employing staff in the Regions	1.4 2.1 3.2 – 3.4 4.1 – 4.3 5.1 – 5.7
		Any loss of benefits after new legislation is enacted reduces morale and/or causes loss of key personnel.	<b>1.1</b> <b>3.3</b>
		Staff do not perceive improvements in job performance or satisfaction arising from corporate plan implementation	<b>3.2 – 3.8</b> 4.3
<b>External Stakeholder Results</b>	Enabling revisions and enhancements do not produce expected improvements in results	Audit Reports and other outputs are not written and/or prepared with the recipient's needs in mind	Strategic objective no.: <b>1.2</b> 1.3 <b>2.2</b> 4.3 – 4.5 <b>5.4</b> 6.1 <b>6.4</b>

RISK DRIVER	STRATEGIC RISK	RISK	STRATEGIC RESPONSE
		PAC may not deal promptly or effectively with audit reports	1.2 4.4 6.2 6.4
		Audit clients may not act on audit recommendations	5.1
		Our image with Media and Public as a constructive and professionally balanced organisation does not improve	4.5 6.2
<b>Key Performance Results</b>	Enabling revisions and enhancements do not demonstrate expected improvements in our performance	Financial management and MIS results: a) provide insufficient evidence for future resource and funding requests b) do not demonstrate our efficiency and effectiveness in independent management	Strategic objective no.: 1.3 1.4 2.1 – 2.3 6.4
		Client groups – PAC, Auditees, Press, Public, PSC, Donors – reduce their confidence in our abilities	2.2 2.3 & 3.1 in combination 3.3 4.3 – 4.5
		Staff dissatisfaction impairs our performance	3.2 – 3.4 4.3 5.2
		We do not fulfill our statutory mandate	1.1, 1.2 2.1, 2.2 4.3–4.5 5.2, 5.4 6.4, 6.5
<b>All</b>	All	All	<b>Ensure <u>all</u> responses contribute to, and are in accordance with, the Vision and Mission Statements</b>

**OFFICE OF THE AUDITOR-GENERAL UGANDA CORPORATE PLAN 1 JULY  
2006-30 JUNE 2011**

**KEY ELEMENTS OF THE IT STRATEGY**

One of our major management challenge is to build capacity in performing audits in increasingly complex IT environments and in the use of computerized auditing tools and techniques. The second major challenge is building an integrated and reliable information technology (IT) infrastructure that supports the achievement of our operations efficiently and effectively.

Our Information Technology Strategic Plan provides a blueprint for making the best use of the information and communication technologies (ICT) for fulfilling its vision and for achieving its organizational goals. The Plan was approved and officially adopted by the top management 16 November 2004

**Objectives and strategies**

The major objectives envisaged to be accomplished under the IT strategic plan are to :

- create a sustainable capacity in OAG for performing audits in a computer environment and in the use of advanced computer assisted audit techniques
- acquire and implement computerized solutions for audit management, automation of audit workflow and communications to facilitate better management of audit resources and enhance efficiency and productivity of OAG staff.
- create an appropriate technology infrastructure consisting of adequate number of computers and a wide area network

In order to achieve the above-mentioned objectives, the IT plan envisages implementation of the following tasks over a two year period 2005 – 2006 .

**Strategy A - IT audit capacity building**

- |      |   |
|------|---|
| A. 1 | Adoption of new techniques and upgrading of audit methodologies   |
| A. 2 | Creation of a formal IT organizational structure comprising an IT audit unit and separate IT support unit headed by an IT manager |
| A. 3 | Establishment of an effective IT governance structure comprising an IT Steering committee   |
| A. 4 | Implementing IT Human resources Development and training  |

**Strategy B - Use of automated audit tools**

- |     |   |
|-----|---|
| B.1 | Acquisition of and training on Computer Assisted Audit Techniques (CAATs )                  |
| B.2 | Acquisition of audit management software and electronic work papers software                |
| B.3 | Establishment of an online auditing facility of the Oracle financials (for the IFMS system) |

## Strategy C - Information and communication systems (ICT) infrastructure

C.1	Creation of an ICT infrastructure (including online audit facility, network, computers and related equipment scanners, printers)
C.2	Centralized network based document management system
C.3	Procurement of Computers
C.4	Acquisition of software
C.5	Creation of our own Web page

### **Financial support for the plan**

Several development partners including the Governments of Ireland and Denmark and the African Development Bank have provided financial support for implementing the our IT strategic plan. The progress of implementation of the Plan since the beginning of 2005 is being closely monitored by top management and representatives of the development partners .

### **Progress of implementation**

Some of the tasks which have already been accomplished under the plan are as follows :

- A number of training courses as well as manuals on IT auditing techniques and methods have been designed and developed . Training based on these material is being held on an on going basis .
- An online audit interface with the Government of Uganda computerized financial management system IFMS has been established which enables our auditors to access government's financial information in electronic format on a real time basis . Members of our specialist audit group have received training on how to analyse and test the information downloaded from the IFMS system for auditing purposes using CAATs ( *Computer Assisted Audit Techniques* ) .
- Procurement of the TeamMate audit management software and computers including laptop computers for use by our audit teams.
- Our official web site has been created ( [www.oag.go.ug](http://www.oag.go.ug) )

### **Current initiatives**

Some of the major initiatives under the IT strategic plan currently being implemented are as follows:

- Installation of a wide area network (WAN) to connect our office buildings in Kampala and our regional branch offices
- Customization and rollout of the TeamMate audit management and electronic working paper software
- Acquisition of additional licenses of the CAATs software IDEA and ACL. Training on CAATs
- Acquisition of additional number of computers

Training of our staff on IT auditing methods and techniques and on the use of audit software tools is ongoing .

## Appendix 4

### OFFICE OF THE AUDITOR-GENERAL CORPORATE PLAN 1 JULY 2006-30 JUNE 2011

#### Current position of OAG (September 2005) using the SAI Maturity Model

A Corporate Plan answers the questions:

- Where does the organisation want to be? and
- How does it get there?

This pre-supposes good knowledge of where it is at the start of the Plan period. The Supreme Audit Institution (SAI) Maturity Model helps to focus this knowledge in an analytical and professional manner. It can then assist in generating required results and necessary amendments to the enablers to achieve them. The Model is firmly rooted in the Business Excellence Model, adapted to include SAI-specific conditions of:

- Independence;
- Access & Follow up;
- Accountability;
- Conduct; and
- Governance

These conditions clearly reflect international Standards and practices, particularly concentrating on INTOSAI. The Directorate level completed a self-assessment exercise on each factor, rating OAG as Basic, Developing, Performing or Excellent against each factor. Self-assessment adds value to the results by:

- Introducing local knowledge and experience of Ugandan conditions;
- Drawing on detailed knowledge of the OAG;
- Encouraging OAG ownership of, constructive discussion and subsequent actions through the corporate plan based on, the results; and, thereby
- Moving OAG over time towards a 'performing' or higher assessment, ensuring that the Ugandan Public Sector, Parliament and Taxpayers are well served by OAG, and that OAG fulfils its Vision and Mission Statements comprehensively to recognised standards and practices.

#### *The Self-Assessed Results*

The output from self-assessment reflects the state of maturity of an SAI. It *does not* indicate whether it is a 'good' or 'poor' SAI. Maturity is defined for purposes of the Model as: The extent to which a particular SAI meets the professional conditions and practices for an SAI set out by INTOSAI (the world professional body comprising 194 SAI members).

These conditions are to a large extent outside of the direct influence of an Auditor General. They depend upon:

- National constitutional and legal provisions,
- The willingness of Parliament and the Executive to participate pro-actively and constructively in the accountability cycle and
- Resulting decisions and actions designed to reinforce integrity, accountability and transparency throughout the public sector.

In overall terms the Directorate-level consider OAG stands currently at Higher Basic – Lower Developing. More detailed collated results appear in the table overleaf. This represents a solid result for OAG at this time.

Realistically, the Corporate Plan must seek to establish OAG firmly in the ‘Developing’ category looking towards ‘Performing’. OAG should establish ‘People’, ‘External Stakeholder’ and ‘Key Performance’ Results required within the Corporate Plan period.

This gives practical substance and quantification to the Vision and Mission Statements. Consideration and subsequent necessary specific actions on SAI Conditions, Direction, Contributors and Processes will help achieve the Corporate Plan.

The Risk Table sets out potential challenges in achieving required results and the Strategic Objective against the same drivers as in the SAI Maturity Model. The Table must help shape specific actions and tasks within Strategic Objectives.

It is for OAG to constructively discuss what the Model’s self-assessed results mean for specific future actions and tasks. However they indicate:

- A need for the Strategic Objectives to be realistic and for staff to buy into them through the Vision and Mission Statements. Early attention to ‘Direction’ factors before Plan finalisation and implementation will pay dividends.
- Independence requires an SAI to consider ‘business’ factors as well as auditing factors. This largely explains the ‘Process’ set of self assessed results, given the efforts previously made on upgrading audit concepts and practices and staff qualifications. ‘Process’ needs attention so that OAG continues to progress its auditing processes and outputs concurrently with building up self-management processes to:
  - Improve its internal efficiencies and aid pro-active monitoring of on-going work; and
  - Demonstrate externally competence in this area. ‘SAI Conditions’ and ‘Resources’ have an important part to play.
- Independence is clearly fundamental to an SAI, focused currently on the Audit Bill’s passage. The other four SAI factors require concurrent action to bring them into line with the level of Independence gained and, as above, to demonstrate

clearly OAG is a well-managed and serious contributor to the life of the Ugandan Public Sector. An Independent SAI cannot afford to ignore the needs of its various client stakeholder groups, nor its own needs to demonstrate sound management and leadership.

- Auditing is just as much about thinking and people as it is about audit technicalities. A sound Human Resource Strategy dovetailing with OAG's Vision and Mission is essential. People and their knowledge and skills form the bedrock of a successful Independent SAI.
- Training should not be carried out for training's own sake. It needs to dovetail individuals' needs with those of the particular Directorate and of OAG. Training in this context encompasses not only courses but also practical on-the-job learning and transfer of skills and knowledge from outside consultants. Such growing expertise needs to be circulated widely, and be made available and accessible within OAG as a whole.
- An Independent SAI should not allow itself to be consumed by any one issue, however important. Although clearly over time and with developing conditions different factors will assume greater priority, this should not deflect the SAI from monitoring the other factors.
- The above bullet point adds substance to the comment that the Corporate Plan should be realistic. Every organisation has its absorption capacity limits, as does OAG. Push to those limits but do not exceed. Push beyond those limits, and the Corporate Plan will collapse, staff will become de-motivated, and external stakeholders will question OAG's abilities.
- OAG may find it helpful to run a fuller self-assessment exercise one month before Plan commencement and then yearly. This will help OAG chart progress and indicate revisions to the Plan to keep it on course. It also involves all staff levels and offers a way for individuals to make a conscious contribution. Analysis can be by staff level, function, and/or length of service.
- The self-assessed model results also indicate that on some factors there is a wider range of views. It may be helpful to consider these factors beginning with those marked with an 'S'. This can improve understanding and lead to a more corporate approach. A trusted facilitator could be helpful initially.

**OAG Directorate-level tabulated self-assessment results at September 2005**

<b>Factors</b>	<b>Result</b>	<b>Do individual results diverge? (<u>N</u>o, <u>Y</u>es, <u>S</u>ignificantly)</b>
<p><b><u>SAI Conditions:</u></b></p> <ul style="list-style-type: none"> <li>• Independence</li> <li>• Access &amp; Follow up</li> <li>• Accountability</li> <li>• Proper conduct</li> <li>• Governance</li> </ul>	<p><b><u>Lower/Medium Developing</u></b></p> <p>Higher Basic Lower Performing Medium Developing Lower Developing Lower Developing</p>	<p><b><u>Y</u></b></p> <p>N <u>S</u> N N <u>S</u></p>
<p><b><u>Direction:</u></b></p> <ul style="list-style-type: none"> <li>• <b><i>Leadership</i></b> <ul style="list-style-type: none"> <li>• Internal communications</li> <li>• External communications</li> <li>• Continuous improvement</li> <li>• Develop future leaders</li> </ul> </li> <li>• <b><i>Vision &amp; Strategy</i></b></li> </ul>	<p><b><u>Higher Basic</u></b></p> <p><b><i>Lower Developing</i></b> Higher Basic Lower Developing Medium Developing Higher Basic</p> <p><b><i>Higher Basic</i></b></p>	<p><b><u>S</u></b></p> <p><u>S</u> Y <u>S</u> <u>S</u> Y Y</p>
<p><b><u>Contributors:</u></b></p> <ul style="list-style-type: none"> <li>• <b><i>People</i></b> <ul style="list-style-type: none"> <li>• Communicate</li> <li>• Recruit, Develop, Motivate</li> <li>• Work as a team</li> <li>• HR corporate management</li> </ul> </li> <li>• <b><i>Knowledge</i></b> <ul style="list-style-type: none"> <li>• Encourage knowledge</li> <li>• Circulate knowledge</li> </ul> </li> <li>• <b><i>Technology</i></b></li> <li>• <b><i>Resources</i></b></li> </ul>	<p><b><u>Lower Developing</u></b></p> <p><b><i>Lower Developing</i></b> Lower Developing Lower Developing Lower Developing Lower Developing</p> <p><b><i>Medium Developing</i></b> Higher Developing Lower Developing</p> <p><b><i>Medium Developing</i></b></p> <p><b><i>Higher Basic</i></b></p>	<p><b><u>S</u></b></p> <p>Y N <u>S</u> N Y <u>S</u> <u>S</u> Y Y</p>
<p><b><u>Processes:</u></b></p> <ul style="list-style-type: none"> <li>• Define, Design, Deliver</li> <li>• Make changes/Monitor impact</li> <li>• Manage/enhance auditee relationships</li> </ul>	<p><b><u>Higher Basic</u></b></p> <p>Lower Developing Higher Basic Higher Basic</p>	<p>Y</p> <p>Y Y Y</p>
<p><b><u>Results:</u></b></p> <ul style="list-style-type: none"> <li>• People</li> <li>• External Stakeholders</li> <li>• Key Performance</li> </ul>	<p><b><u>Medium Basic</u></b></p> <p>Medium Basic Medium Basic Higher Basic</p>	<p><b><u>N</u></b></p> <p>Y N N</p>

LOGICAL FRAMEWORK

**Vision:** To be an effective and efficient Supreme Audit Institution (SAI) in promoting effective public accountability.

**Mission:** To audit and report to Parliament and thereby make an effective contribution to improving public accountability and value for monies spent

Objective	Task	Action	Time Table	Responsibility	Reporting/Performance Indicator
<b>1 To secure the financial and operational independence of the Auditor-General</b>	1.1 Seek to ensure the new Audit Bill is sufficient to enable OAG to operate effectively and all necessary improvements are included	1.1.1 review content of the draft and make necessary proposals (1)  1.1.2 work to ensure timely completion of the Act which is sufficiently comprehensive and offers OAG legal immunity (1)  1.1.3 devise contingency plan to maximise benefits of partial independence if all provisions not implemented. Develop stronger relationships with Ministry of Finance and the PACs (2)	July 06  July 06 – Mar 07  July 07- Dec 07	Resources- Auditor General Legal Experts Top Management  Top Management External consultants	Revised Bill and subsequent action  New Act in place meeting OAG requirements  Contingency Plan prepared
	1.2 Lobby MPs and seek confirmation from all stakeholders, particularly Parliament, that they are supportive and prepared to back reforms in the Office of the Auditor-General	1.2.1 arrange a sensitization workshop for stakeholders to inform them and seek their views about the new Act (1)	Oct-Dec 06	Top Management	PI Evaluation forms completed and assessed Workshop report produced including an action plan for responding to stakeholders views Resources – logistics for workshop

Objective	Task	Action	Time Table	Responsibility	Reporting/Performance Indicator
	1.3 Establish a an independent, top quality Audit Board	<p>1.3.1 identify suitable candidates (1)</p> <p>1.3.2 make recommendations to Parliament (1)</p> <p>1.3.3 prepare training programme for new Board once appointed(3)</p> <p>1.3.4 establish an Audit Committee (5)</p>	<p>July-Dec 06</p> <p>July-Dec 07</p> <p>Jan-June 09</p> <p>July10-Dec 10</p>	<p>Resources – Auditor-General Senior management</p> <p>Training department</p> <p>Board</p>	<p>PI Draw up a shortlist and present to Parliament Programme and Committee established</p> <p>Programme established and Progress Reports</p> <p>Audit Committee established</p>
	1.4 Establish self accounting status	<p>1.4.1 establish bank account (2)</p> <p>1.4.2 establish an accounts department and train staff (2)</p> <p>1.4.3 prepare an Accounting/Finance Manual (2)</p>	<p>July 07- June 08</p>	<p>Resources- Director Administration</p>	<p>PI Progress reports to the Board</p> <p>Department established and system developed to best professional standards</p> <p>Manual produced</p>
	1.5 Work to ensure that staff are accommodated in ways that do not compromise independence and have the physical resources necessary to enable all audits to be properly undertaken on a timely basis	<p>1.5.1 seek budgetary approval for a fully costed new HQ building including minor capital works and maintenance programmes (1)</p> <p>1.5.2 establish a fully costed action plan for upgrading regional office accommodation and training facilities (2)</p> <p>1.5.3 determine logistics necessary, including vehicles, equipment, IT etc (2)</p>	<p>July 06- June 08</p>	<p>Director Administration</p>	<p>PI Determine funding requirements</p> <p>Sufficient funding obtained to meet accommodation and logistical requirements</p> <p>Identify suitable professionals and contract with them</p> <p>Receive reports from contractors</p> <p>Progress reports</p> <p>Develop action plans and identify costs</p>

Objective	Task	Action	Time Table	Responsibility	Reporting/Performance Indicator
<b>2 To improve the quality of both the budget preparation and monitoring processes and management information systems.</b>	2.1 Move to output based budgeting and produce budgets that are defensible	2.1.1 review existing arrangements (1) 2.1.2 design new flexible budgeting and monitoring system (2)	July 06 – Dec 08 and continuous	Director of Administration Top and middle management Consultants	PI Progress reports New budget system in place Approved workplan produced setting out resource needs
	2.2 Seek to establish arrangements for presenting budgets to Parliament	2.2.1 Establish procedures for presenting budgets to Parliament effectively (1)	July 06 – Dec 06	Top management  Finance Department	Effective procedures tested and budgets accepted by Parliament
	2.3 Improve in-year budget monitoring	2.3.1 establish new in year monitoring procedures and report by exception (2)	July 07- Jun 08	Finance Department External consultants	Exception reports produced setting out reasons for variances Progress reports
	2.4 Move to establish effective and robust management information systems	2.4.1 identify the full cost of audit operations, building on the existing information produced by Team Mate, by determining time recording systems, including the use of timesheets, establish accurate charge out rates for each grade of staff (2-3) 2.4.2 reports analyzed by management (2-3)	July 07- Jun 09  July 07 – Jun 09	Top management Finance Department External consultants  Top management	Time recording system established and monitored Charge out rates established Progress reports  Management reports produced and acted upon

Objective	Task	Action	Time Table	Responsibility	Reporting/Performance Indicator
	2.5 Seek to ensure IT strategy is monitored and updated	2.5.1 IT strategy fully implemented and updated where appropriate (1-3)	Continuous	IT department	IT strategy monitoring reports produced and acted upon
	2.6 Measure the financial impact of audit work to help justify funding	2.6.1 design a methodology for quantifying impacts (2) 2.6.2 agree methodology and target with stakeholders (2)  2.6.3 submit achievement against target to Parliament (3)	July 07 – Dec 07  Jan 08- Jun 08  July 08- Jun 09	Top management  Key stakeholders  Top management	PI Progress reports Methodology designed and agreed by stakeholders Reporting system established  Publish results in annual reports Quantified financial savings identified and reported on Reduction in the incidence of recurring problems
	2.7 Prepare a plan to reduce dependency on development partners/external consultants	2.7.1 identify all sources of external funds (2) 2.7.2 ensure skills of consultants are transferred to in house staff (use of counterparts etc) (2) 2.7.3 ensure all resources necessary included in the budget and are defensible (3) 2.7.4...prepare and implement plan (4-5)	July 07 – June 09    July 09-Jun 11	Director of Administration/ Finance Dept. External consultants  HR Department	PI Assign suitable counterparts to work with consultants Progress reports Funding gaps identified All costs included in budgets  Funding and skills sufficient to enable OAG to function

Objective	Task	Action	Time Table	Responsibility	Reporting/Performance Indicator
					efficiently
<b>3. To create an environment that enables the office to operate efficiently and recruit, retain and motivate suitable staff.</b>	3.1 Maximize the benefits arising from development partner funds taking account of the longer term objective in 2.3 above	3.1.1 review the proposals for the use of committed funds (1) 3.1.2 allocate funds to priority areas (1)	July 06 – Oct 06	Director of Administration/ Finance Dept.	PI Critique of proposals Revised plan submitted Funds properly allocated
	3.2 Determine and implement the most optimal organisation structure for the office	3.2.1 review organizational arrangements/structure supportive of revised processes (1) 3.2.2 implement the new arrangements including recruiting additional expertise and producing job descriptions (2) 3.2.3 put in place revised management arrangements (4)	July 06 – Dec 07  July 09-Jun 10	External Consultants/ Top Management HR Department  HR Department Top management	PI Commission a review of management arrangements Progress Reports  Revised management arrangements in place
	3.3 Establish modern human resource policies, including promoting a fair, gender balance	3.3.1 undertake a staffing needs assessment (2) 3.3.2 review and update HR policies to ensure transparency including establishing a code of conduct, declarations of personal family interests and introduce the monitoring of sickness and absences (3)	July 07 – Oct 08 July 08-Jun 09	External Consultants/ Director of Administration (HR Dept)	PI Needs assessment report produced and considered by management and implemented Progress reports HR Policies developed and updated

Objective	Task	Action	Time Table	Responsibility	Reporting/Performance Indicator
		3.3.3 prepare a draft HR manual (4)	July 09-Jun 10	HR Dept External consultants	Draft HR Manual
	3.4. Reward staff on the basis of contribution and achievement	3.4.1 undertake a review of pay and grading to determine the competitiveness of OAG salaries and other rewards with both the public and private sectors and introduce more transparent arrangements for promotions (2) 3.4.2 introduce a competence based transparent performance related pay system and establish procedures for monitoring under performance (3) 3.4.3 train staff in the new arrangements (4-5)	July 07 – Dec 08  Jan 09-Jun 09  July 09-Jun 11	External Consultants/ Director of Administration Logistics for training HR Department External consultants  Training department	PI Progress reports New systems devised, in place and staff consulted  New pay system in place and accepted by staff  Training programmes established and staff trained
	3.5. Establish a modern, management training programme to enhance management capacity	3.5.1 establish a modern management development programme (2) 3.5.2 identify suitable candidates for fast track training (1) 3.5.3 introduce a programme of secondments (5) 3	Jan 07 – Dec 07 Mar 07-Jun 07  July 10-Jun 11	External Consultants/ Head of Training Logistics for training Other Civil Service Departments	PI Progress reports Management development incorporated into the training plan Training materials purchased and in use List of candidates produced Secondment programme established
	3.6 Market the Office of the Auditor-General to attract young professionals and graduates	3.6.1 visit Universities every year to promote the OAG (3) 3.6.2 establish links/ties with Universities (3)	July 08 – June 09	HR Dept	PI Progress reports MoU with Universities

Objective	Task	Action	Time Table	Responsibility	Reporting/Performance Indicator
	3.7 Develop a training programme that meets the aspirations of staff and the needs of the office	<p>3.7.1 undertake a training needs analysis (1)</p> <p>3.7.2 devise a training plan and programme (1)</p> <p>3.7.3 strengthen internal capacity by running training of trainers programmes (2)</p> <p>3.7.4 encourage and support staff to take professional qualifications (1-5)</p>	<p>July 06 – Jun 07</p> <p>July 06-Jun 07</p> <p>July 07-Jun 08</p> <p>Continuous</p>	<p>External Consultants/ Head of Training</p> <p>Logistics for training</p>	<p>PI Progress reports</p> <p>Needs assessment completed</p> <p>Training plan established</p> <p>Training of trainers programme established</p> <p>List of trained trainers produced</p> <p>100% of professional staff qualified by the end of the period</p>
	3.8 Create an office infrastructure that enables staff to meet their work and personal development objectives	<p>3.8.1 review the logistical and administrative needs of staff (1)</p> <p>3.8.2 provide access to IT, stationary, vehicles etc for all staff (2-3)</p>	<p>July 06 – Dec 06</p>	<p>External Consultants</p> <p>HR/Finance Depts</p>	<p>PI Progress reports and resource plans produced</p>

Objective	Task	Action	Time Table	Responsibility	Reporting/Performance Indicator
		3.8.3 produce personal development plans agreed with managers (3)	July 07-Jun 09	Line Managers HR Department Line managers and staff	PDP for each member of staff
		3.8.4 make resources available to ensure PDPs are achieved (3)	Jan 09-Jun 09	Top management	Progress reports Funding provided to enable PDPs be achieved
	3.9 Appoint senior staff to monitor the risk profile at Appendix 2 to ensure they are properly managed and reported on	3.9.1 senior staff appointed to manage and report on risks	Immediate	Top management	Staff appointed and reports produced Reports on the outcome of risk monitoring produced monthly and acted upon
<b>4. To improve internal and external communications to raise the profile of the Office of the Auditor-General with staff and key stakeholders.</b>	4.1 Make an internal website available to all staff	4.1.1 design an internal website (intranet) (1) 4.1.2 train staff in how to use it and ensure availability (2-5)	Continuous	PR Dept/ Logistics for training	PI Intranet established Monitored and evaluated Training needs assessed
	4.2 Review the usefulness of the in-house bulletin	4.2.1 review usefulness of bulletin and consider producing electronically (1) 4.2.2 if still relevant produce the bulletin for all staff on a monthly basis (1)	Continuous	PR Dept/Logistics for printing  PR Department	PI Monthly staff bulletins electronically if feasible Distribution list Staff articles

Objective	Task	Action	Time Table	Responsibility	Reporting/Performance Indicator
		4.2.3 give all staff the opportunity of contributing (1)			All staff given access
	4.3 Organize a sensitization workshop for key stakeholders to raise awareness of the new Audit Act	4.3.1 arrange a workshop for all stakeholders (1) 4.3.2 invite key public figures to participate (1) 4.3.3 continue to develop relationships with key stakeholders (1-3) See Objective 1			See objective 1
	4.4 Meet with new PAC to see what support it needs and what OAG can offer within existing resources	4.4.1 meet once the new Committee is established (1) 4.4.2 make a presentation on services OAG can provide (1) 4.4.3 set out OAG's expectations from the Committee (1) 4.4.4 examine ways in which OAG can focus on higher level issues and recommendations to improve the ways in which public services are managed (1)	July06 – Dec 06  Jan 07  Jan 07 – Mar  Apr 07-Jun 07 and continuous	Senior Management	PI Agree a programme of regular meetings Progress reports  Presentation given  Feedback received and actioned  Added value improved Improved quality of outputs
	4.5 Provide media briefings and press releases with all published reports and develop links with civil society groups interested in public	4.5.1 after publication of each report arrange a media briefing (3) 4.5.2 submit a press release for issue after publication (2) 4.5.2 provide briefings to civil	July 07 – Dec 08 Continuous	PR Officer & Dept	PI Media and Communications strategy produced and website enhanced  Appoint a Public Relations Officer

Objective	Task	Action	Time Table	Responsibility	Reporting/Performance Indicator
	accountability	society on relevant issues (3)			Press releases and briefings for civil society produced
<b>5. To improve the quality of audit work by improving financial and value for money audits and developing and implementing effective quality assurance arrangements</b>	5.1 Review the content of the existing financial audit manual update annually and ensure that the audit approach is efficient, meets INTOSAI/IFAC standards and achieves full audit coverage. Implement the IT strategy for IT audit	5.1.1 review the content of the manual/approach and update in light of emerging issues, use of Team Mate and practical experience (1)	July 06 – June 07 And then	Senior management/ External Consultants/	PI Progress reports Financial Audit Manual updated and audit approach revised
		5.1.2 ensure full audit coverage to INTOSAI standards (1-5)	Continuous	Directors	Implement the Directorate strategy for clearing backlogs
		5.1.3 undertake IT audits in line with the strategy (1-5)	Continuous	IT Department	Good quality IT audits completed and reports produced
		5.1.4 strengthen monitoring arrangements over the work of private auditors (1-5)	Continuous	Director Statutory Corporations	Quality assurance procedures strengthened
		5.1.5 devise public sector auditing standards (5)	July 10-Jun 11	Research Unit	Standards produced
		5.1.6 finalize and issue the IT audit manual (1)	June 07	IT Dept	IT audit manual issued
		5.1.7 ensure follow up to ensure audit recommendations are implemented (1-5)	Continuous	Directors and clients	Audit recommendations implemented

Objective	Task	Action	Time Table	Responsibility	Reporting/Performance Indicator
	5.2 Seek to ensure that the financial and IT audit training programmes are implemented	5.2.1 review the existing training programmes for relevance (1)  5.2.2 run the financial audit programme for all relevant staff (1-2)  5.2.3 run the IT and IT audit training programme for all relevant staff (1-3)	July 06 – June 09	Director of Administration/ Training Dept  Training Dept Logistics for training  IT Dept/Training Dept Logistics for training	PI Progress reports  Consolidate training programmes into the Annual Training Plan  Training programmes fully completed  IT training programmes completed
	5.3 Establish a performance audit unit dedicated to VFM auditing	5.3.1 identify suitable staff to form the VFM department (1)  5.3.2 allocate accommodation and resources (2)	July 06 – Dec 07	Director of Administration  Head of Perf. Audit  Logistics for training	PI Set criteria for assigning staff to the department  Identify resource and accommodation needs
	5.4 Develop further strategies for VFM audit and produce standards for staff	5.4.1 determine staffing needs and work requirements (1)  5.4.2 establish a work plan and a vfm training programme (2)  5.4.3 produce VFM auditing standards and test the handbook taking into account the quality of data available (3-5)	Jan 07 – Jun 07  July 07 – Dec 07  July 08-Jun 11	Head of Performance Audit/PA Dept  External Consultants	PI Work plan including staff allocation produced  Standards produced and handbook tested  Progress reports
	5.5 Establish effective quality assurance procedures for financial and VFM audits	5.5.1 establish VFM and financial audit QA units (2-3)  5.5.2 draw up financial audit QA procedures based on INTOSAI standards (2)	July 07-Jun 09	Senior Management  QA staff  External Consultants	PI Units established  guidelines prepared and tested  VFM QA guidelines prepared and tested

Objective	Task	Action	Time Table	Responsibility	Reporting/Performance Indicator
		5.5.3 produce a QA manual and pilot the procedures (4) 5.5.4 roll out the QA procedures (5) 5.5.5 devise VFM QA procedures based on INTOSAI standards (4) 5.5.6 produce a QA manual and test procedures (4) 5.5.7 roll out procedures (5)	July 09-Jun 10 July 10-Jun 11 July 09-Jun 10	Logistics	VFM and Financial Audit QA procedures fully implemented Progress reports
	5.6 Subject a selection of these audits to external scrutiny	5.6.1 identify potential sources to undertake QA (3) 5.6.2 identify a sample of audits for independent scrutiny (4-5) 5.6.3 ensure lessons learnt are applied (5)	July 08-Jun 09 July 09-Jun 11 July 10-Jun 11	QA Dept	PI Progress reports Sources identified
<b>6. To promote increased accountability, probity and transparency in public funds management and resources by producing value-added reports and make practical recommendations.</b>	6.1 Seek comments from all stakeholders about their expectations from the AG's reports	6.1.1 circulate donors/parliamentarians about their expectations (1) 6.1.2 seek the views of clients about how reports could be improved and inform them of OAG requirements (1)	July –Dec 06	Stakeholders Head of Training Clients	PI Feedback received and actioned

Objective	Task	Action	Time Table	Responsibility	Reporting/Performance Indicator
	6.2 Produce guidelines on report writing drawn from best practice elsewhere in the world	6.2.1 devise procedures for ensuring the quality of reports (peer review, reference partners) (2)	July 07 – Jun 08	Head of Training	PI Quality procedures established
	6.3 Develop a training programme to improve report writing of all types of published report and take advantage of donor funding to finance such a programme	6.3.1 establish a formal training programme for report writing (1) 6.3.2 introduce a house style guide for report writing (2)	Jan 07-Jun 07 July 08-Dec 08	External Consultants Training dept Logistics for training	PI Establish criteria for report writing Training programme implemented House style produced and implemented
	6.4 Quantify financial impacts arising from audit work to demonstrate credibility and worth of the OAG	6.4.1 ensure all audit reports include details of all agreed and quantified financial impacts (1-5)	Continuous	Top Management	PI Methodology established and agreed Impacts included in AG's reports
	6.5 Take advantage of new technology to improve the management and quality of processes and outputs	6.5.1 identify suitable printing firms who can improve the quality of output (2) 6.5.2 establish a form and content of report that maximises impact and is attractive to readers (2 financial) and (3 for VFM)	July 07 – June 09	PR Department  Top management PR Officer & Dept.	PI Suitable printing firms identified  Form and content of reports agreed and implemented

(1) (2) (3) (4) (5)-Year task will be implemented

