2019

ANNUAL

PERFORMANCE

REPORT

THE STATE OF ERITREA
OFFICE OF THE AUDITOR GENERAL

promote public accountability for the beneift of our society...

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Office of the Auditor General

2019 Annual Performance report

Contents

Message from the Auditor General:

It is my pleasure to present this report on the Office of the Auditor General's (OAG) own performance for the year 2019. In 2019, our Office launched a five year strategic plan for the years 2019-2023. We also prepared a comprehensive annual operational plan for the year 2019 which integrates both the audit and non-audit functions of the OAG. This report is, therefore, a summary of information on the results of the operations of the annual operational plan we initiated in January 2019.

In addition to our regular audit task, in the year 2019 our main focus was the preparation of various manuals and guidelines, reducing audit back-logs, building the capacity of our office both in human and material capital, and piloting the recently divorced Financial and Compliance Audits. Our audit coverage has improved significantly, attributed mainly to the intensive trainings we conducted and improved means of monitoring and supervision of our annual plan.

Apart from our regular audits on budget, our audit coverage also concentrated on revenues and projects. In addition, our performance audit teams also performed their first audits in areas where the OAG management and the Performance Audit teams concluded that they have public concerns. Investigative audits, initiated by the OAG and our stakeholders, were also conducted by giving priorities depending on their urgency.

As part of the capacity building interventions, our office also hosted several in-country and regional trainings. These trainings were conducted in collaboration with Eritrean Center for Organizational Excellence (ERCOE) and the African Organization for Supreme Audit Institutions – English speaking countries (AFROSAI-E). Many other training events were also organized and delivered with the internal capacity of the OAG.

Our Office has been playing a leading role in the professionalization of Accountancy in Eritrea. The initiatives, which started in mid 1990s and intensified starting 2008, is also ongoing. This initiative of providing opportunities for accountants to study and qualify for ACCA covers staff members of all government and PFDJ institutions, and private audit firms.

The resources we obtained in 2019 were properly utilized. This year our human capital has increased including a modest improvement in gender balance. Our financial resource include both recurrent and capital budgets. The capital budget obtained for project activity was used in strengthening the capacity of our office. The technological capacity of the OAG has improved in terms of equipment and infrastructure.

In managing our stakeholders, several initiatives has been undertaken. Our employees were the primary focus of the engagement. We included our junior staff in the decision making process of our office. In addition, we have implemented different activities to reinforce our relationship with our external stakeholders. We also strengthened our engagement with the Ministry of Information to reach the public at large.

However, we had a number of challenges with equal support from the Government. Our main challenge has been shortage of human resource. Lack of sufficient equipment and facility was another challenge. In addressing these challenges, we have closely worked with the government institutions in charge of managing the human resource in Eritrea and significant improvements were achieved.

I believe, this report will inform our stakeholders about the major activities of our office. We will also use this report to strengthen the relationship and collaboration we have with our stakeholders. Considering the common objectives we have, I am confident together we will achieve more.

I would like to take this opportunity to thank the Government of the State of Eritrea for its unreserved support and encouragement for our office and express my sincere thanks for development partners for providing the OAG with additional financial and technical assistance for implementing its on-going capacity building projects and strategic objectives. I would also like to express my heartfelt appreciation and thanks to all OAG staff members for their utmost efforts and commitments in discharging their responsibilities.

I wish you a peaceful and prosperous new year.

Thank you

Highlights of Operations

Increase in Audit Coverage

A decrease in audit time resulting in an increased audit coverage by over 100%

Policies, Manuals, and Guidelines

Preparation and implementation of several Manuals, policies, and guidelines

25 Additional Human Resource

OAG Received twenty New Graduates and another five civil servants transferred from other Government Institutions

Gender Balance

The number of our Female colleagues has increased to 31.5%

Stakeholder Engagement

Several Internal and external stakeholder engagement activities

Financial Resources

Increase in the annual Budget of the OAG

Gender Considerations

Initiatives that focus on gender equality

Cost Saving

Through the utilization of solar power, a saving on budget for electric consumption by 57%

Continuous Professional Development

The OAG staff members attended different in country and regional training events

Chapter One: About the Office of the Auditor General

The Office of the Auditor General (OAG) was established in May 1992 by Proclamation No. 37/1993 and Legal Notice No. 14/1993 Article 2/25. During its establishment, the office had very limited resources in terms of both human and material. Since its establishment the management has been working in strengthening the office and several initiatives have been going on to date.

Mission, Vision, and Core Values

The following are the Vision, Mission, and Core Values of the OAG:

Vision Statement

"To be an independent, transparent, and effective audit institution that promotes public accountability for the benefit of our society."

Mission Statement

"To provide reasonable assurance in the management of public resources by our independent and objective public sector audit services."

Core Values, Beliefs, and Guiding Principles

"Integrity, Professionalism, Team work, Transparency, Innovation, and Continuous Development."

1. Integrity

The OAG staff members should be honest in performing their professional services and should have high personal discipline.

2. Professionalism

To provide consistently high-quality audit services, staff members are expected to maintain and develop high professional competence and expertise.

3. Team work

The OAG believes that cooperation among the staff members and collaboration with clients are vital indicators of success.

4. Transparency

The OAG should be transparent in its work. Regular communications should be made to the relevant stakeholders in the form of reports and briefings.

5. Innovation and Continuous development

The OAG will have to steer and encourage the staff creativity in audit methodologies, processes and procedures, and other institutional factors to fulfil its mission. The OAG has introduced mandatory Continuous Professional Development. This will demonstrate to our stakeholders that the OAG is striving to develop staff knowledge for better audit services.

Fig. 1: Mission Vision and Core Values

The Mandate of the OAG

The mandate of the OAG was spelled out in Proclamation No. 37/1993 and Legal Notice 14/1993, Article 2/25 which is to audit or cause to be audited all Government institutions and parastatals and State-owned enterprises. Parastatals and State-owned enterprises are being audited by the Audit Service Corporation (ASC) which provides its professional audit services on fee basis and works autonomously under the general supervisory control of the Auditor General. At present the audit clients served by the OAG are 177.

The current capacity of the OAG is too small to discharge its mandate. According to our estimate, the OAG is working at a capacity of ¼ in comparison to its mandate. To fill the gap, the OAG has been working closely with the National Resources Coordination Center and the National Commission for Higher Education and Research.

In the absence of professional accountancy body in Eritrea, the OAG is also mandated with supervision and certification of private auditors and accountants. Finally, the OAG is also expected to provide advisory services to the Ministry of Finance, where necessary.

The types of Audit the OAG conducts

Until the end of 2018 the OAG has been conducting only Regularity Audit where the audit covers Financial and Compliance aspects of the audited entity. Starting 2019 our office is undertaking Financial Audit, compliance Audit and Performance Audit separately. In addition, the OAG also does investigative audits (also known as Forensic audits) mainly at the request of its stakeholders.

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Although it is of an interest to the government and our office, currently the OAG do not have the capacity to undertake environmental and Information Systems audits.

The Audit process of the OAG

The audit process the OAG uses for the various audits are unique to the specific type of audit. For financial Audits we follow the 7 activities of audits: Pre-requisite, Pre-engagement, Understanding the entity, Setting materiality, Risk assessment, Performing the Audit and Reporting. For the Compliance and Performance audits the steps are similar but the processes are different. Regardless of the type of audit, every audit which emanates from the strategic plan is always centered on the value adding role of the OAG based on the International Standards for Supreme Audit Institutions (ISSAIs).

Fig. 2: Summary of Audit Process

The OAG has been following the status of implementation for its audit recommendations on the next audit engagement. However, due to the limitation on its capacity, the OAG is unable to audit its clients on yearly basis and it usually takes 3-4 years to return and audit a client. For this reason, our follow-

up mechanism was not effective due to timeliness and sometimes loss of relevance of the reported findings.

In 2019 our office has designed a better way of following the implementation of its recommendation that considers the OAG's inability to conduct yearly audits to its clients.

Audit Manuals

The OAG uses Audit manuals which are based on International Standards of Auditing for Supreme Audit Institutions (ISSAIs). This manuals were prepared by AFROSAI-E and customized by the OAG to suit Eritrean environment.

Currently we have customized Financial Audit Manual (FAM) and Compliance Audit Manual (CAM). The Performance Audit Manual (PAM) and Information Technology Audit Manual (ITAM) are on the process of customization. In the meantime, audits pertinent for Performance is being undertaken based on the AFROSAI-E draft manuals.

Standards and Policies

In 2019, the OAG has designed and implemented several policies and guidelines. Including the documents prepared in 2019, the following are the main policies and guidelines implemented in the OAG:

- ISSAIs 130 based Ethical Standards
- Audit Supervision and review guideline
- Audit Follow-up guideline
- Quality Assurance review policy
- Communication policy
- IS Security Policy
- Delegation of Authority guideline
- Planning guideline
- Monitoring and evaluation guideline
- Training policy and management development program
- Risk management policy

The training policy was designed in 2010 and is currently under revision. The Communication policy, Risk Management policy and the Quality Assurance review policy also need a revision. The remaining policies are either designed or revised in 2019.

Our Organization

In discharging its mandate, the OAG is organized in two audit departments and three corporate divisions. The Audit Department of Revenue, Economy, and Defense (R.E.D) is responsible for the audit of all government institutions mandated for revenue collection and organizations whose main expenditures are related to economic activities according to the classification of the Ministry of Finance such as the Ministries of Public works, and Agriculture. The Ministry of Defense and its organs are also audited by this department.

The second department which is Audit Department of Social Services, Administration, and Local Governments (SALG) is responsible for audits of all service giving government organizations, the six local governments and institutions who are mandated with improving social services such as the Ministries of Health and Education.

Each of the Audit departments have three divisions under them, each with a maximum of three teams under it. In the absence of Supervisors, the Directors of each division are responsible for supervision of their audit teams. The audit departments are understaffed, as a result of which, there is substantial audit back-logs.

The OAG has also established three corporate divisions to provide support services:

1. The Finance and Administration Division with three units under it is mandated to run the financial and administrative activities of the OAG.
2. The Human Resource Development Division is responsible for research, training, and reporting.
3. The Information Technology, Communication, and Information Systems Audit Division has three units under it and is responsible for Information Technology services, Information Systems Audit and Communication.

All the divisions are also understaffed. The Logistical support of the Finance and Administration division is running on a part-time basis by the Division's Director. In the HRD, the training function is being run by a group of senior auditors who are acting as part-time trainers. The reporting task is being temporary handled by the Communication unit of the ICT and IS Audit Division. The Director of HRD is following the research and coordination of the work of the other units in his Division. Similarly, the IS audit unit and communication unit of the ICT and IS Audit Division is being managed by the Director of the Division.

In addition to the two audit departments, the OAG has established a Performance Audit unit. The investigative audits and Quality assurance reviews are undertaken on part-time basis. Currently, the Special Audits (Investigative Audits), performance Audit, Quality Assurance Review unit are being supervised directly by the Auditor General and the two Directors General of the OAG. This is mainly because, except the recently established performance audit function, the other two are being handled on a part-time basis by other senior auditors and directors.

In addressing the apparent shortage of human resource, the OAG established a technical committee with 10 members including the two Directors General five Directors and three junior auditors. The committee is tasked with handling technical issues and preparation of relevant guidelines and policies.

Chapter two: About this report

This is the first report on our own performance. We have been preparing a compilation of activity reports for the OAG highlighting the main audit coverages and audit findings, with information on the main activities of the corporate divisions, during a given year. The report was prepared mainly for internal consumption of the OAG, to inform top management about audit progress during the year. Apart from its employees, the report has never been shared with any stakeholders.

In 2019 the OAG launched a five year Strategic Plan for the years 2019-2023. It also prepared a comprehensive annual operational plan for the year 2019 which integrates both the audit and non-audit functions of the OAG. This report is therefore, an information on the results of the operations of the annual operational plan initiated in January 2019.

This report is organized in seven chapters. The first two chapters present general information about the OAG and this report. Chapter three summarizes the main activities planned to be implemented in 2019 and the status of their implementation. It starts with the relevant goal in the strategic plan,

followed by the activities and objectives included in the operational plan of 2019. Chapter four describes the main resources of the OAG and how they are managed. Chapter five highlights the major training and other events of 2019 which were organized or attended by the OAG. Chapter six reports on management of our stakeholders followed by the contribution of the OAG in regional and international associations as chapter seven. Finally the main challenges and lessons learnt is summed up in Chapter eight.

Since this report is our first, we are expecting some areas of improvement in its content or presentation. For this reason continuous revision will be made to the content of the report until it is able to provide reasonable information about the activities of the OAG within a given year.

Chapter three: Key achievements and results in audit

In achieving the goals and objectives identified in its strategic plan, the OAG established three working groups. The technical committee was established in 2017 with five senior management team. However, it was reinforced by another 5 staff members, mostly from lower managerial level. The other two are the Change management Team established in 2019 to follow the changes dynamics in the OAG and SAI Team which was established as part of the Accelerated Peer Support Program (PAP-APP) initiative. These working groups are in charge of monitoring and following OAG activities and preparation or customization of various audit manuals, policies, guidelines.

In 2019, the Financial Audit Manual and Compliance Audit Manual were customized. The IT Audit Manual and the Performance audit manual are currently under customization. However only the Financial Audit Manual was rolled out and implemented. In addition, Delegation Policy, Planning guideline, Audit follow-up guideline, Supervision and review guideline, Monitoring and Evaluation guideline, Ethical Standards, and OAG Job description were prepared and approved by the Auditor General.

Performance of annual operational plan of 2019

The Annual operational plan for 2019 was approved in January 2019. Based on the activities identified in the annual operational plan, the OAG has been conducting its business under close supervision by the Monitoring and evaluation sub-committee of the SAI Team. The following are the performance result of the annual operational plan:

Goal 1: To enhance independence of the OAG

The OAG has the independence of deciding on the approach, methodology, reporting mechanisms of its audits. It has also unrestricted access to documents and people in conducting its audits. To secure its independence through Audit Act in accordance to the requirement of Lima declaration, the OAG drafted an Audit Legislation in 2003 and was revisited in 2010. Though the Draft Audit Legislation was submitted to the concerned authorities for approval, it is not yet approved. In the Draft Audit Legislation, the pre-requisites for independent Supreme Audit Institution (SAI) are enumerated.

Approval of the Draft Audit Act is beyond the scope of our office, however, the OAG should prepare all necessary preconditions in enhancing its independence. For the year 2019, the following activity was planned:

Revisit the draft Audit Legislation

The OAG requires a strengthened legal frame work in line with international standards that will enable it secure its full independence in terms of organizational, financial, human resources and other pre-requisites necessary for a modern audit office. In practice, there is nothing that prevents the Office of the Auditor General in fulfilling its duties as per the aspirations of the Draft Audit Legislation. However, having in place an approved Audit Legislation is an international pre-requisite for Supreme Audit Institution (SAI). The OAG drafted an Audit Legislation in 2003 and was revisited in 2010. Though it is not yet approved, it required continuous revisiting to incorporate recent developments in audit and make it a modern audit law that promotes public financial governance and accountability in Eritrea.

Based on the operational plan to revisit it, the OAG has revisited and updated the Draft Audit Legislation making it ready for submission for relevant authorities in Eritrea.

Goal 2: To strengthen the Organization and Management Capacity of the OAG

The OAG should establish policies and procedures that can strengthen the quality of its audit works. This can be attained by cultivating an internal culture that appreciates quality and devoted staff members and standardize the work practice within the OAG. In contribution to the achievement of this goal, several objectives and activities were planned and implemented in 2019.

To enhance and design mechanisms that uplift the performance of the OAG

In fulfilling the first Strategic Objective of Goal 2 of the OAG as identified in its strategic plan, improving the performance of the OAG is one of the strategic imperatives. To contribute to the enhancement of OAG's performance, the provisions of necessary tools and equipment including securing power supply, deployment of sufficient IT equipment, and preparation of basic policies, Audit manuals, and guidelines is crucial.

With the installation of solar power in early 2018 the power supply in the OAG has improved significantly. An assessment of the financial impact of the solar power found out that there was a 57% cost saving on electric consumption. The deployment of IT equipment on the OAG is gradually improving.

The following activities were planned and implemented during the year 2019.

Solicit on office management training with local partners: the objective of this activity was to enable the OAG to collaborate with local training centers, specifically the Eritrean Center for Organizational Excellence (ERCOE) on filling the gaps in managerial capacity of the OAG. With the leadership of the Auditor General, the senior management of the OAG conducted a meeting with the Management of ERCOE. The meeting was focused on the potential benefit of ERCOE's training opportunities for the OAG. During the meeting, the management of ERCOE affirmed their willingness to support the OAG in its effort to strengthen its managerial capacity. Based on the result of the OAG's training needs analysis, ERCOE will support the OAG through several short term trainings on various managerial and administrative functions.

Report on performance of the OAG: In line with the objectives of ISSAI 12 "The Value and Benefits of Supreme Audit Institutions (SAI)" demonstrating OAG's ongoing relevance to stakeholders is vital. Based on this principle, the OAG has made one of its strategic objectives to start reporting on its own performance. To realize this objective, the OAG seized the opportunity when AFROSAI-E organized the Integrated Reporting Development workshop in July 2019 and sent two of its senior staff to attend the workshop.

During the workshop, OAG Eritrea was tasked with the development of basic SAI performance reporting template that can be used by SAIs who want to commence reporting on their own performance. Using the draft template developed by the OAG, we prepared this first annual performance report for the year 2019.

Design a guideline on the process and stages of planning in the OAG: Development of a standard planning guideline that can consistently be implemented across all organs of the OAG was planned to address the challenge of the unstructured, inconsistent, and localized annual plans among OAG organs. Accordingly, using the AFROSAI-E "Annual Overall Auditing Plan, 2011 guideline" as a basis, the OAG prepared a comprehensive planning guideline that can be used by all of its organs for the preparation of the OAG's annual operational plan, annual functional plans for corporate services, annual overall audit plan, and other business unit plans.

Design a system or policy for monitoring and evaluating the strategic and operational plans: The initial objective of this plan was to prepare a policy document. However, the OAG considered policy alone will not add value, and decided to develop a guideline instead. The guideline was prepared based on the *Strategic Planning Handbook for Supreme Audit Institutions* prepared by INTOSAI Development Initiative (IDI).

Develop a Delegation System: Delegation of authority in the OAG was mainly information sharing with OAG staff members about the absence of an authority and the person delegated during any absence. This temporary delegation approach lacked several principles of delegation, including limitations of authority, time-bound of the delegation, responsibility, and others. To address this issue, the OAG prepared a delegation policy to address the various stages of delegation, including an updated version of the temporary delegation.

Update the job description of the OAG: The job description of the OAG was developed in local language in the 1990s. During that period, the organizational structure of the OAG was very narrow with only the Finance and Administration Unit as a corporate service. Since then, several functions such as Specialized Audit Units, Quality Assurance Unit, Performance Audit Unit, General Services Unit, Information Technology Division, HRD Division, and other were added to the OAG's organizational structure, whose job description was not drafted.

With the planned activity for the update, the input of AFROSAI-E HR Senior Manager and recent development in the audit profession was considered to update the existing job description. The draft document has included all the added functions and has also been translated into English language. The updated job description is awaiting a final review by the technical committee of the OAG and upon approval by the Auditor General, will be communicated to all staff members.

Revise the code of ethics: The OAG's code of ethics was developed in 2014 focusing on the expected behavior of staff members. Recently, some changes were made on the International Standards for Supreme Audit Institutions. One of the changes is related to ISSAIs 30and 40 which were combined to make ISSAI 130. The revised code of ethics prepared in 2019 was developed based on ISSAI 130 and it was expanded to include the expected behavior of the office, the implementation guideline, and the related controls. The Code of Ethics is approved and will be communicated to all OAG staff members during the annual meeting which is expected to be held in January 2020.

To have an established process for Managing Change

Implementing the strategic plan is a process of managing change. To ensure smooth transition of systems, attitudes, behaviors, and work environment, it was necessary to establish a change management team that supervises the milestones. The Change Management Team was established by 10 middle and junior staff members of the OAG.

The objective of the team is to champion and supervise the newly introduced ways of doing things in the OAG. This includes, among others, to assist management and staff of the OAG to be comfortable in commencing the implementation of new systems. It also works to help change the attitude of staff against the change.

The team has drafted a change management guideline and is under review by the Technical committee of the OAG

To enhance the IT support function

The OAG should use IT as a significant factor in the future business plans and as a fundamental business tool. The use of IT should contribute positively to the performance of the OAG, through appropriate implementation and operationalization of IT assets and alignment of IT with business needs. In realizing this contribution, an IT strategy plan aligned with the overall strategy of the OAG should be prepared. In addition, we will need to update the existing IT security policy to address recent changes in Information assets of the OAG. Audit Management Software (such as Teammate) and Audit Interrogation Software (such as IDEA or ACL) should be implemented to improve strategic and operational capabilities of the OAG. To enable optimal use in managing its audit and administrative information sharing, the existing Local Area Network (LAN) infrastructure should be enhanced. In consideration of these facts, the following activities were sought and implemented:

Prepare IT strategy: Information technology is probably the most volatile tool witnessed with a fast changing and conscious upgrading tool. Moreover, the capital required for investment in IT is not to be undermined. The objective of preparing IT strategy was to identify objectives, projects, and activities that contributes towards the implementation of the OAG strategic objectives considering the cost vis-à-vis the expected benefit. Based on this concept, IT strategy was prepared aligned with all the 5 strategic goals of the OAG.

Prepare IT audit strategy: This activity is dependent on the preparation of OAG audit strategy. Therefore although the necessary tools to conduct risk analysis is prepared, the drafting of the strategy is pending until drafting the OAG audit strategy is started.

To use the resources allocated for this activity, "Strengthen the LAN to be used for information and equipment sharing" originally planned for 2020 was implemented. Under this activity, over 20 new lines were pulled from the switch in second floor and 16 new connection sockets were prepared. As a second phase all OAG equipment were registered under OAG domain and functional workgroups were created according to the OAG organogram. Finally, training was delivered to all OAG staff on the maintenance and sharing of files along the OAG network.

Update the IT security policy: The IT security policy of the OAG was prepared in 2011. Since then several technological equipment were added to the OAG infrastructure which were not covered by the policy. To ensure the validity, availability, and reliability of technological support to the OAG's operations, the IT security was updated and communicated to all staff in a form of a seminar.

To establish professional Accountancy body in Eritrea

In Eritrea, there is no professional body that regulates the professional accountants. In the absence of such a professional body, the OAG has been issuing certificate of competence and regulating the activities of practising professional accountants and auditors. That is why the OAG, since 1998, has been sponsoring young accounting graduates for their ACCA studies. The objective of these sponsorship was to produce critical mass of professionals that are adequate to establish a professional body. To sustain the qualification of accountants who completed their study, a compulsory annual professional education hours is required. To fulfil this requirement, the OAG planned to organize a CPD seminar.

Organize Annual CPD Seminar: The OAG has been playing a leading role towards the establishment of professional accountancy body in Eritrea. To realize this strategic objective, the OAG has taken several initiative including the sponsorship of Eritrean nationals in their study for accounting qualification. Under objective 2.5, organizing annual CPD seminar was planned. Accordingly, a three days seminar was conducted from 17 until to 19 October. Including the Audit service Corporation, 6 audit firms have attended the seminar and in total 26 qualified accountants participated in the seminar. The participants were issued with a certificate for attendance of 22 Continuous Professional Education (CPE) hours. The OAG covered all costs associated with the seminar.
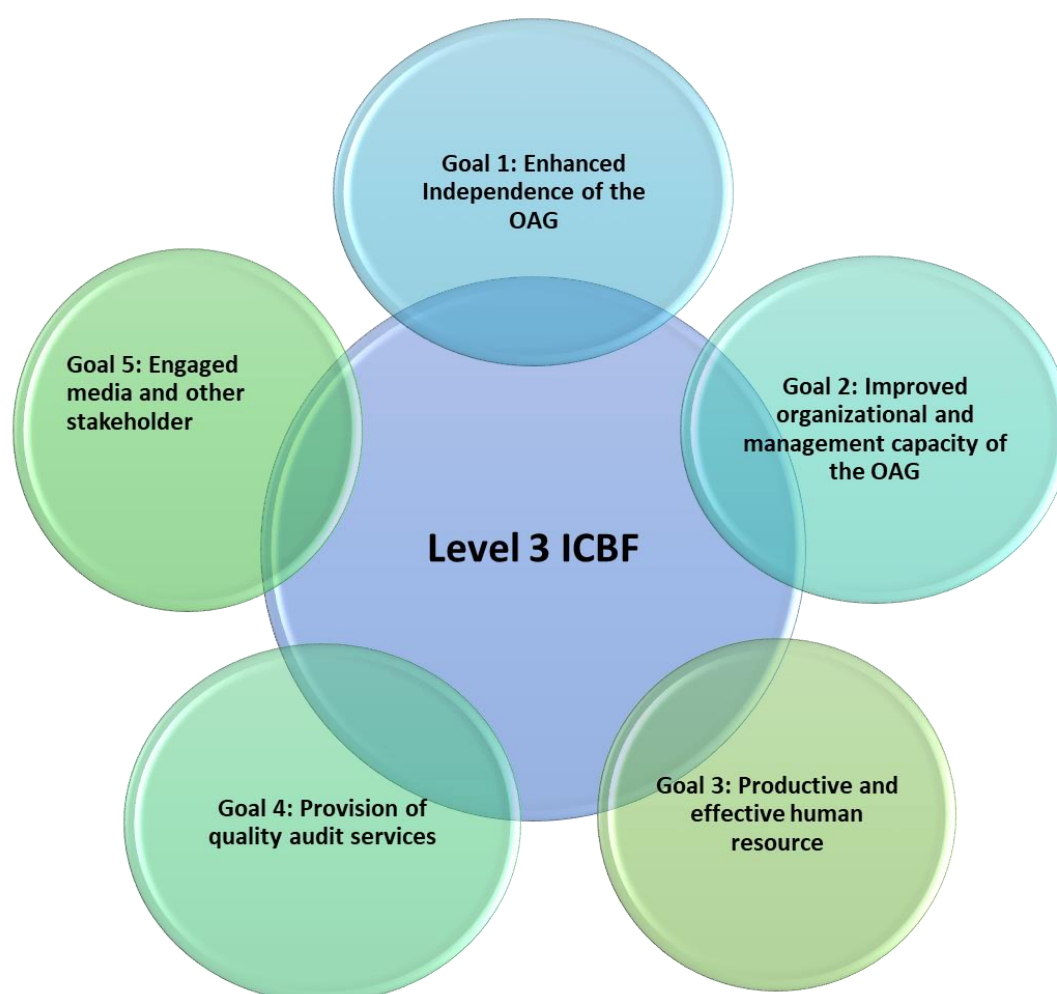
Fig. 3: The Five Strategic Goals of the OAG

Goal 3: To enhance the competency and productivity of human resources

Audit is one of the demanding and knowledge-based professions. That is why the OAG requires adequate, competent, professionally developed and dependable human resource to deliver quality audit services that fulfil the expectations of its stakeholders. To obtain and retain an optimal professional staffing level and carry out its mandate to the expected standard, the OAG has set out a number of projects and activities to be implemented during the five years strategic plan period. The following objectives and activities were planned and implemented during 2019:

To upgrade and retain the human resource of the OAG

The number and quality of audit staff we have in the OAG does not commensurate with the number of Government institutions that the OAG is mandated to audit. As a result, we have been encountered by substantial audit backlogs and have had to outsource some of the work. In addressing the following activity was planned and implemented:

Request additional staff and increase budget accordingly: The plan was to increase the number of audit staff by requesting additional 20 new graduates from the Resource Coordination Center. Based on our request 20 new graduates and 5 employees transferred from other government institution, in total 25 additional staff were assigned to our office. This addition increased our human capacity to a total of 121.

To improve the staff development and training policies

Our staff development and training policy was designed in 2008. The policy needs to be updated to reflect the current staffing and structure of the OAG. However to design effective policy and development program, a thorough analysis of training and development needs analysis is a precondition. Until the Training Needs Analysis (TNA) is approved the implementation of this activity is postponed.

To design a system for identifying gaps among staff and improve the technical, managerial, and professional skills and competences

The OAG has been delivering trainings in response to new standards or audit methodology, including audit manuals. This type of response had little impact on the overall improvement of knowledge among our staff members. We have recognized that the identification of the actual gap in the knowledge of our staff members is basic ingredient in designing training programs.

Therefore, having a reliable system that can isolate the gaps and designing trainings that can add value was one of the priority of the objectives. The system is designed and following the consideration of the Auditor General's comment and suggested amendments, it will be used as a basis to design training policy and training packages.

To establish a system that evaluates, and follow-ups result of trainings conducted

Training is one of the major resource utilizing activities of the OAG. Evaluating the impact of trainings on achievement of OAG's objectives is therefore important. To evaluate a training impact, a reliable system that can directly link trainings delivered with a change recorded in the performance of audits should be established.

Establishment of this system is associated with conducting training needs analysis which is awaiting for review by the technical committee. The necessary indicators for performance analysis of audit assignments are already drafted. After training, based on the results of training needs analysis is delivered, the impact will be evaluated. Therefore this activity is postponed to 2020.

To introduce a mechanism that motivates staff and a system that enhances the welfare of employees

Since OAG's biggest asset is its human resource, staff motivation is the highest priority in the OAG. The OAG is dependent on the regulations of Civil Service Administration (CSA) for salary structure of its staff. Therefore, financial motivation is beyond the scope of our office. To compensate this limitation, the OAG has taken several initiatives. One of the main means we use to motivate our staff is through provision of educational and training opportunities.

The OAG is sponsoring staff members with their study towards accounting qualification. The sponsorship include payment of registration, annual subscription, examination and membership fees, as well as provision of study materials and tutorial service for their study with ACCA.

The OAG has enough office space. However, with the recent increase in the number of staff and establishment of the performance audit units, the management is looking for empty space within the building the OAG is residing. There is a small cafeteria where employees can go for their coffee breaks and two bathrooms one for male and another for female employees. There is already one shower for employees who want to have a quick shower in the office. Establishment of daycare center for working mothers is also one of our priorities in the coming years.

The OAG is also striving to create a socially comfortable working environments by organizing entertainment events. In March, the management of the OAG, in collaboration with Marine College and Eritrean Naval Force organized a trip to Massawa and a boat tour around Massawa.

Goal 4: To enhance the quality of audit services to increase the value of the OAG

The OAG should deliver quality audit services to its stakeholders. To provide the required quality audit services, it needs improvement in the approach audits are conducted based on International Auditing Standards for Supreme Audit Institutions (ISSAIs) and best practice. Solidification of the supervisory mechanism of audits, follow ups of audit recommendations, motivating staff for additional commitment are the main objectives identified to achieve this goal. For 2019, the following objectives were planned:

To establish a performance audit and IT audit functions and permanent Quality Assurance Unit

Fully equip/operationalize the Performance Audit function (prepare laptops, job descriptions, office, etc.): The Performance Audit Unit was established towards mid of 2018. By the time the units started audits, there was two laptops for 6 staff members. Gradually the number of laptops were increased to six and the number of auditors in the teams to nine. For the other activities, the teams are sharing office in the training center and are using the Performance Audit Manual of AFROSAI-E pending its customization to fit Eritrean context.

The management is looking for empty office space within the building the OAG is located.

To enhance the quality of audits and coverage by following the ISSAIs and introducing modern techniques

Customize and implement AFROSAI-E manuals: This activity was initially planned for the customization of Financial Audit Manual (FAM) and Compliance Audit Manual (CAM). According to the plan, the customization of these two manuals was completed and a roll-out workshop for the FAM was conducted for all audit staff. Later, it was discussed among the Technical committee members to add the customization of Performance Audit Manual (PAM) and Information Technology (Systems) Audit Manual (ITAM), depending on the availability of time. The customization of Information Systems Audit manual has started is in progress, while the customization of PAM is postponed to 2020.

Provide continuous training on audit working papers: One of the biggest challenge for the OAG is the lack of unanimous understanding of the purpose and appropriate application of audit working papers among OAG auditors. This discrepancy is creating additional workload and excessive stress on the reviewers which in-turn is contributing to audit back-logs. To alleviate this problem, the OAG requested AFROSAI-E to organize a one week in-country training program in Asmara. Following our request, in July, AFROSAI-E Technical Managers, and training experts came to Asmara and delivered a 5 days training on FAM.

Design and implement a system for supervision and evaluating all audit assignments: supervision has been the weak link in the audit process of the OAG. This is mainly due to vacant positions of supervisors and senior auditors. To address this challenge designing applicable supervision and monitoring guideline was important. The document was prepared and was approved by the Auditor General.

To establish a system for following up audit recommendations

Establish a system for following up audit recommendation: Audit follow-up was being conducted at the commencement of next audit. The problem with this approach is that audits for every client is not conducted on annual basis. Majority of the time, it takes three to four years to return to an audit client. Having a follow-up after 3-4 years is not only impractical but it is also worthless. In addressing this problem, the OAG planned to develop a practical approach for a follow-up on the implementation of audit recommendations. Under the new guideline developed in 2019, an action plan on the implementation timeframe for audit recommendation will be signed between client management and the OAG team. Based on this document, a follow-up communication and exchange of information will be established.

Engage Audit clients for implementing recommendations (such as conducting seminars): A seminar with audit clients was organized on 17 December at the OAG meeting hall. The audit client officials charged with public financial management were invited and in total, 168 officials attended the seminar. The objective of the seminar was to address the challenges in the implementation of recommendations and to have a mutual understanding on the importance of audit recommendation. Participants stressed the importance of such seminar by suggesting it should not be confined to only once a year.

Goal 5: To enhance the OAG's public image by improving communication with stakeholders

The OAG needs to have a comprehensive communication policy and strategy that addresses internal and external stakeholders to increase impact for the audit services it provides. Modern audit profession demands Supreme Audit Institutions to properly communicate with internal and external stakeholders to understand and address the expectation of these stakeholders. Engaging the major stakeholders will also help in successful implementation of OAG's initiatives for changes. In realizing this goal, the OAG identified the following objectives to be implemented in 2019:

To engage with the media and other stakeholders to increase the awareness of the public

Prepare stakeholder engagement strategy document: As part of the IDI Stakeholder strategy development workshop started in June 2018, the drafting of stakeholder engagement strategy of the OAG was started in November 2018. The strategy which was finalized and approved in February 2019 is under implementation. In the strategy document which runs from 2019 until 2023, the OAG has identified and prioritized the major stakeholders and a communication strategy was developed for each identified stakeholder.

Get media coverage in EriTV, radio, and newspaper: Engaging the media was one of the strategic necessities of our stakeholder engagement strategy. This is because the media is the main and the most effective gateway to reach our biggest stakeholders, which are the citizens. Based on the plan, the OAG was able to secure several media coverage during 2019.

In January the Ministry of Information covered the launching event of our strategic plan in TV, Radio, and Newspaper, in four languages. Following the event, an extensive interview was made with the Auditor General both in English and Tigrigna in TV, Radio, and Newspaper. A short article was published in newspaper and on the Ministry's website shabait.com.

In July the FAM training delivered by AFROSAI-E team was covered in TV, Radio, and newspaper in Tigrigna. The Ministry also covered our event for the Effective Report Writing workshop in TV, Radio, and Newspaper.

Audit Coverage

In the year 2019, the audit departments had a plan to audit about 38 entities in total. Out of the total planned, 27 financial and 2 performance audits were completed and their audit reports were sent. Another five audit engagements are in progress some on their final stage. The remaining 4 audits were postponed due to work overload.

An investigative audit for another 1 entity was also completed and submitted to the organizations requested for it. The investigative audit was not part of the planned for audits in 2019.
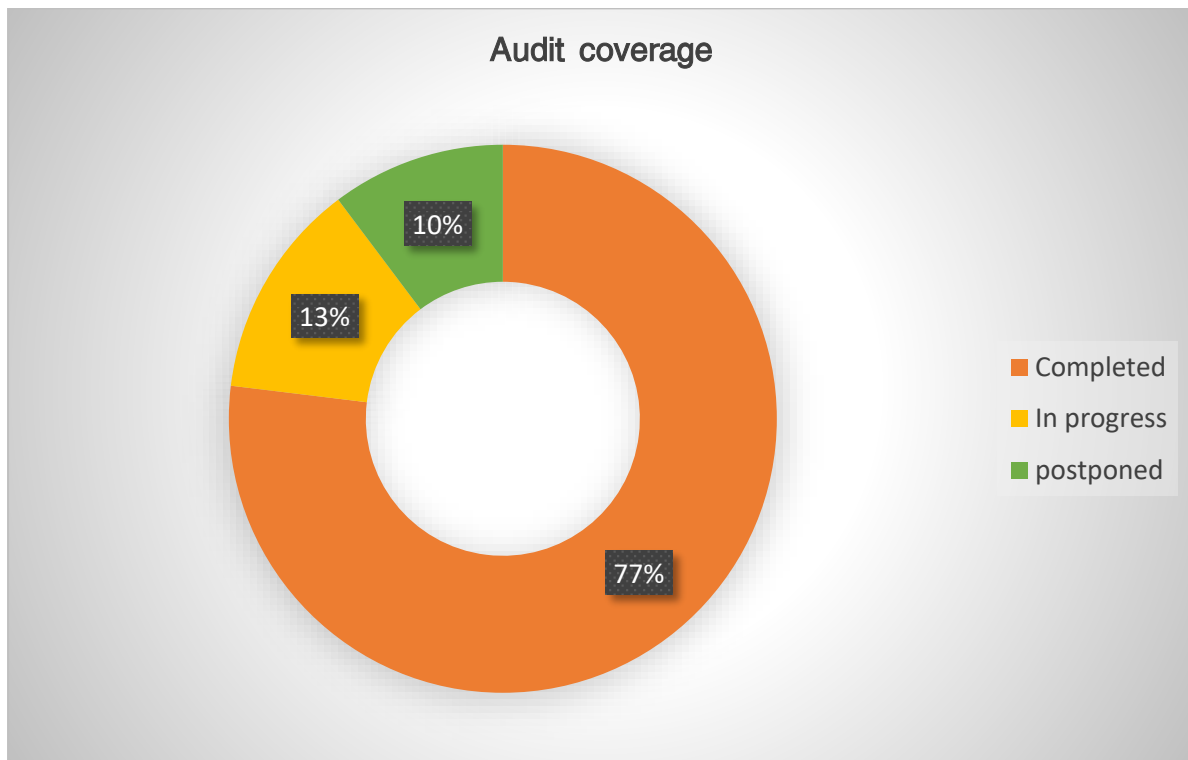
Fig. 4: Audit coverage in percentage of the planned

Including the projects and special investigations, in 2019 the OAG has audited 280 budget years. Comparing with past years, our Audit coverage has improved significantly. The time an audit takes to be completed has reduced by a minimum of 30-40% resulting to an increase in coverage by more than 100%. This improvement is a result of the intensive training the OAG conducted supported by policy introduced in 2019 for a strict control on audit budget time.

This improvement is amid the commencement of financial audits which started in 2019. From the discussion we had with our audit teams, the newly introduced financial audits was a challenge to our auditors. With training and mastering of the Financial Audit Procedure by our auditors, the audit coverage will increase in the coming years.

The results of our financial audits show improvement in the financial management and procurement procedures of government entities. Nevertheless, the management of properties needs an attention by those charged with management of government institutions. Properties (many with significant value) lack protection and record keeping.

Our Performance audits has observed many unclear objective, unmeasurable targets and sometimes overambitious targets. Lack of follow-up has resulted in unnecessary waste and leakage.

There are significant financial and compliance findings unveiled by the investigative audits whose report has been sent to organizations requested for it.

Chapter four: Management of resources

In conducting its business, the OAG obtains its human, material, and financial resources from the Ministry of Finance and the Resource Coordination Center, a body mandated with equitable

distribution of professionals among Government institutions. The management of the OAG make every effort to increase its human capability and properly utilize the resources obtained.

Human resource

In discharging its responsibility, the OAG is organized in to two audit departments and three supporting divisions. With the addition of the new recruits who came this year, the total number of OAG employees has reached 121.

Out of the total number of employees, 88 auditors are actively working in the OAG audit departments, 41 being in Audit department R.E.D, 38 Audit department SALG, and the remaining 9 in Performance Audit. There are also other 6 auditors, all qualified by the ACCA, currently seconded in other private audit firms and parastatals. The remaining 26 are working in the corporate divisions.

EMPLOYEE DISTRIBUTION

- Finance and Administration Division, 18
- HRD Division, 2
- ICT and IS Audit Division, 6
- Performance Audit, 9
- Seconded to other organization, 6
- Audit department of SALG, 38
- Audit department of RED, 41
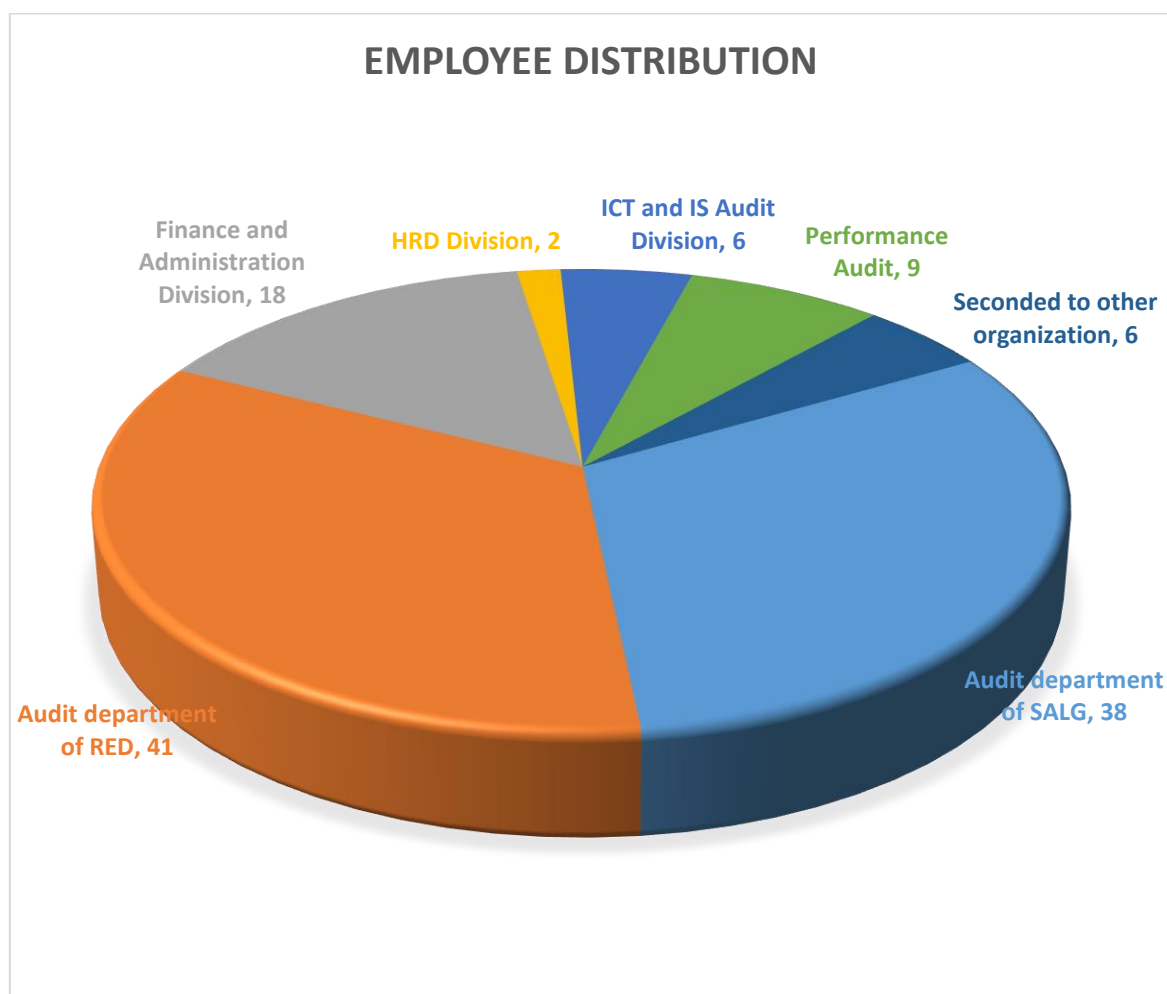
Fig. 5: Staff distribution among the OAG's organs

The human capital of the OAG is obtained from the Resource Coordination Center, an organ of the government responsible for the management of human capital in Eritrea and the National Commission for Higher Education and Research. In 2019, the OAG received 25 new graduates and civil servants transferred from other government institutions. All the new recruits were provided with a three days induction course and were deployed for work straightway.

The OAG has a total of 37 female employees. The gender distribution of OAG has improved by 1.5% making the female employees at 31% of the total number. Ensuring gender inclusion and gender equality is one of OAG's priority. Since 2006, the number of female employees in the OAG has been declining from year to year. The number of female in managerial position reached to zero. Although the reason is associated with marriage and child birth, we also believe our effort to address this challenge was insignificant.

In the 2019-2023 strategic plan, the OAG has included several gender specific activities to be implemented during the five years period. The OAG is committed to create encouraging ground for our female employees to enable them develop their career while looking after their families. The OAG will invest for female employees who are competitive and dedicated to their professional development. In 2019 we included a modest 20% female colleagues in all the working committee of the OAG, including heads of sub-committees. This number will increase annually until it reached at least proportional coverage with the number of female employees in the OAG.

There is special considerations for female staff members in all training events. Majority of the training events consider the experience and position of auditors. However, this requirement is flexible in applying to female employees.
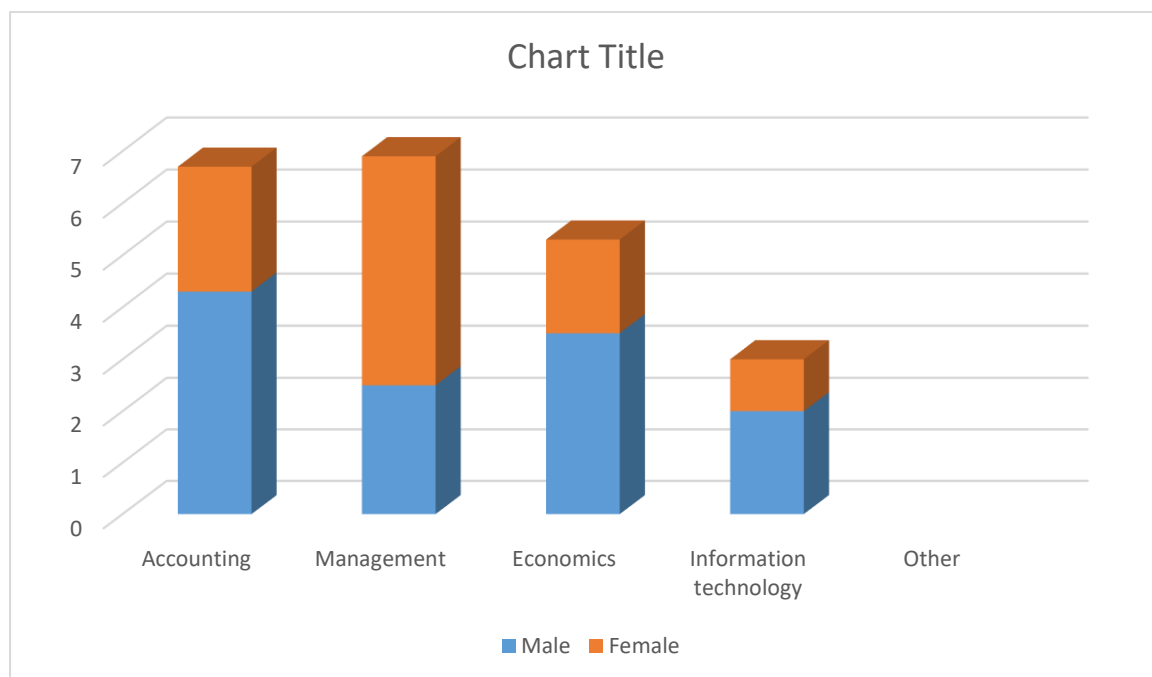
Fig. 6: The areas of specialization in the OAG

The OAG efforts in human resource investment is focused to young employees, without ignoring the existing experienced staff members. The young employees of the OAG below the age of 30 years cover closer to 60% of the total number. To ensure sustainability of the office, this generation should be developed and groomed for higher responsibility. The OAG management encourage young employees to forward their concerns without reservation. To express their concern the management has increased the frequency of annual general meeting to twice a year. Young employees are part of the

strategic and annual operational plans of the OAG. The cooperative association of the OAG staff which was established during 90s is dissolved to include the young employees.

Budget

OAG is dependent on the Ministry of Finance for its financial resources. Most of the budget received from the Ministry of Finance is related to recurrent activities such as salary, utilities, and office stationeries with limited capital expenditure such as for procurement of IT materials, renovation and maintenance of building, and other similar activities. Through the Ministry of National Development, the OAG also receives budget related to capital expenditure from the United Nations Development Program (UNDP). The process for obtaining capital budgets follows the preparation of project proposals which seeks prior approval by the Ministry of National Development. In 2019, our office received a total of Nakfa 8.9 Million from Government and 2.8 Million from UNDP.

All obtained financial resources is funneled to and managed by the Finance and Administration Division of the OAG. In utilizing the budget, the OAG follows the regulations of the Ministry of Finance, regardless of its source. During the year 2019, our Office has submitted the financial reports to the Ministry of Finance and the UNDP in accordance to their requested reporting framework.

Major component of the OAG expenditure covers salary of staff. In the year 2019 the amount paid for salary covers around 30% of the total approved budget. The procurement component of the "indicative" budget for recurrent activities which was obtained from the Ministry of Finance was not used due to restrictions imposed on procurement. Due to shortage of human resources, the OAG does not have regional offices. All audit engagement outside the capital Asmara is conducted by audit teams deployed from Asmara. Hence, daily subsistence for field work is one of the major expenditure of the OAG.

The fund obtained from UNDP is strictly for capital expenditure, focused on capacity building projects. No amount was paid for recurrent expenditure from the project fund. The main components of capital expenditure were procurement of IT equipment and training.

During the Audit of our office for the year 2018, the team who audited our office issued a qualified report due to lack of inventory reports and poor property management. According to the audit recommendation issued in the report, the OAG made reforms in the management of fixed and consumable assets. This year the inventory count was completed with updated property register and report.
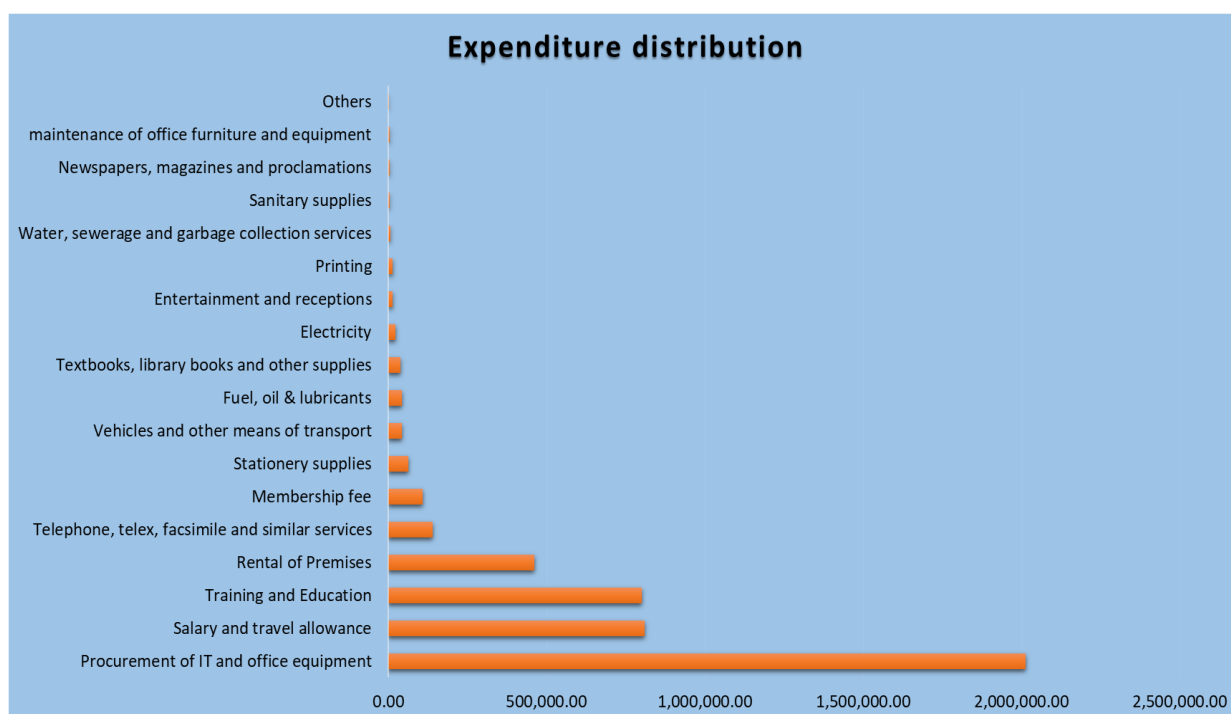
Expenditure distribution

Category	Value
Others	
maintenance of office furniture and equipment	
Newspapers, magazines and proclamations	
Sanitary supplies	
Water, sewerage and garbage collection services	
Printing	
Entertainment and receptions	
Electricity	
Textbooks, library books and other supplies	
Fuel, oil & lubricants	
Vehicles and other means of transport	
Stationery supplies	
Membership fee	
Telephone, telex, facsimile and similar services	
Rental of Premises	
Training and Education	
Salary and travel allowance	
Procurement of IT and office equipment	

(axis: 0.00 — 500,000.00 — 1,000,000.00 — 1,500,000.00 — 2,000,000.00 — 2,500,000.00)

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Fig.7: Budget utilization chart

Equipment and facilities
Training rooms

The OAG has modest training room, equipped with LCD projector and Air Conditioner. The training room can accommodate at least 35 people at a time. In addition there is also a meeting room with a capacity of 70-100 people, also equipped with LCD projector, laptop, Air conditioner and a sound system. In 2019 one old LCD projector was replaced and a wireless router was acquired to facilitate the training events. The facility also have heavy duty copiers, binding machine, laminators, and color printers.

IT infrastructure

The OAG is interconnected with local Area Network (LAN) with up to date servers, Routers and Layer 3 Switches. In 2019 additional 16 network cables were pulled increasing the available total network port inside the office to 66. By mapping network drives, audit teams are now able to share information and files through network.

Laptops, desktop, copiers, and printers

The Office of the Auditor General is interconnected via Local Area Network (LAN). There are over 66 connection points all cabled. Printers are shared among members of divisions. Our audit teams are equipped with at least two laptops per team. Compared to the year 2018, the available number of laptops have increased by 35. 23 out of the total new laptops acquired in 2019 will automatically be deployed to the audit teams, while 12 will be distributed among the Audit Directors and the Directors General of audit.

The office of the top management, including the office of their secretaries, Finance and Administration office and its units, the HRD and the IT divisions are all equipped with Desktop computers, printers and laptop computers.

Chapter five: Seminars and events

The OAG is actively engaged in hosting a Continuous professional Education (CPE) to its staff members and other partners. There are various ways of delivering the CPE programs. Majority of the training events are organized inside Eritrea delivered by the internal capacity of the OAG. In agreement with the AFROSAI-E secretariat, In-country training programs are also organized on demand from the OAG. Finally, the OAG staff members also participate in the AFROSAI-E regional training events in a limited scale. In 2019 the following seminars and training events were conducted:

Launching of Straegic Plan

On 22 January, the Office of the Auditor General launched its five-year Strategic Plan, 2019 -2023 through an event organized at the meeting hall of the National Confederation of Eritrean Workers (NCEW). The event was attended by 83 OAG staff members and Over 95 government and non-governmental officials from 65 organizations.

CPD seminar for Qualified Accountants

During October 17-19 the OAG hosted a 3 days seminar to cover the Continuous Professional Education requirement for Qualified Accountants and Private Audit firms. 26 qualified accountants working for private firms and parastatal organizations attended the seminar. During the event constructive discussions on the need of standardizing Financial Audit Manual for private Audit firms, the value of quality control systems and various Audit standards (IASs) were discussed. The OAG covered the cost of the three days seminar.

Management training

Based on the activity identified in the operational plan of 2019, our office, in collaboration with Eritrean Center for Organizational Excellence (ERCOE), organized five days management training. The training was organized in two events one being from 18-23 February and the second 8-13 April with 40 participants each. Both the events were conducted in Embatkala Training Center, 30 km out of Asmara. During the event the topics of Leadership, Teamwork, Work system improvement, communication skill, exchange of feedback, creative thinking and others were covered. OAG staff were highly involved. By the end of the training session, participants prepared an action plan and request for improvement and submitted it to the Auditor General.

AFROSAI-E In-country training events

In collaboration with AFROSAI-E, the OAG has organized three in-country training events.

1. During July 15-19, training on the Financial Audit Manual (FAM) was delivered to 35 auditors. The training was facilitated by two experts from AFROSAI-E secretariat and one from OAG Kenya.

Parallel to it a review and coaching program was organized to the two performance audit teams. The review and coaching week was conducted by two performance audit experts, both from AFROSAI-E secretariat. The objective of the FAM training was to ensure consistent application of the standards and guidelines in financial audits among OAG teams. During the training, we found out that there was a discrepancy among auditors in interpreting and applying the audit steps. By the end of the week, auditors were able to have a common and consistent understanding in the determination of materiality, identification of basis for qualification and other interpretations of the ISSAIs.

2. The HRM expert of AFROSAI-E came to Eritrea and delivered awareness creation program in HRM functions to OAG's team leaders and above. The objective of the visit was to assist OAG HRD division to develop its own strategic plan that will support the OAG's five year strategic plan. During her stay in the OAG, the HRM expert was able to initiate the development of the HRD strategic plan and deliver an awareness program on HR functions of a SAIs to senior management of the OAG.

3. From 11 until 15 November, the communication senior manager of AFROSAI-E came to Eritrea and organized a 5 days communication and report writing workshop to 38 senior auditors. The aim of the training was to guide OAG's senior management on the techniques and good practices of preparing effective audit report that can have an impact on the OAG's stakeholders. The main topics of the training, among others, were ISSAIs requirement on report writing, presentation of management letters, preparation of annual audit report and annual performance reports and crafting clear, concise, and effective message.

Regional training events

As part of the regional trainings and workshops organized by AFROSAI-E, our staff members participated in the following events

Integrated Report writing: The event which took place in Pretoria, South Africa during 3-7 June was initiated by AFROSAI-E to encourage member SAIs to produce reports on their own performance and be models of transparency, accountability, and sustainability as well contributing towards the achievement of the SDGs and Agenda 2063 goals. Different organizations delivered presentations with the concept of Integrated Reporting including AGSA, Eskom, and GRI Africa. The workshop concluded by participating SAIs to design three types of reporting framework that can be used by member SAIs. Two senior staff members of the OAG participated in the development workshop.

Audit of Extractive Industries: The workshop was conducted from 3 to 7 June in Pretoria, South Africa. Topics covered include among others Overview of AFROSAI-E E.I Audit guideline, Contracts and Licences, Collaborative audits, risk profile of oil and Gas pipelines, and building Extractive industry audit function. Three staff members from compliance audit, Performance Audit, Financial Audit functions.

FAM and CAM workshop: From 18 until 22 March, AFROSAI-E organized a workshop on Financial Audit Manual and Compliance Audit Manual (FAM and CAM). The workshop which took place in Pretoria, South Africa covered topics such as Accounting Framework, Information Systems Audit, risk response, selection of audit matter for compliance audit, conducting the audit, and reporting. The workshop also discussed small entities concepts and issues of combined reporting. Two audit directors of the OAG participated in the event.

Supervision and review in Performance Audit: the workshop was held during 16-20 September in Arusha Tanzania. Topics covered include Performance Audit strategy, Reviewing of PA, Performance Audit reports, type of PA reviews, Conflicts and resolutions, and other management aspects of PA review. Two staff members from performance Audit Units participated in the workshop.

Annual HR workshops: This workshop was held in Kigali, Rwanda from 18-24 June. Topics covered were staff engagement, employees' wellness program, staff recognition, alignment of HR strategy with SAI strategy, and professional growth. OAG's HRD director attended the workshop.

Strategic, operational and Risk management: The Strategic, Operational, and Risk Management workshop themed with *"Strategic Management – the role of SAI Leadership Teams"* took place from 30 September to 4 October 2019 at the AFROSAI-E Training Centre in Pretoria, South Africa. The objective of the workshop was to empower participants with knowledge and skills to adopt an integrated strategic planning and risk management approach. Emphasis was placed on the development of the SAI audit strategy and indicators as well as execution and monitoring. The workshop was attended by two members of the Strategic Planning Team of the OAG.

Refresher courses, and technical update of 2019: AFROSAI-E organized for Regularity Audit, Performance Audit and IS Audit refresher course for 2019. Two in performance Audit, two in IS Audit and six in RAM in total ten staff members from different level of responsibility attended the workshop. The technical update which was held in Cape Town, South Africa was attended by the Directors General of the two Audit Department.

Chapter six: management of key stakeholders

Based on the Stakeholders' Engagement strategy approved in December 2018, the OAG has been implementing several activities in engaging both internal and external stakeholders.

Internal Stakeholders

In February and April, the OAG in collaboration with the Eritrean Centre for Organizational Excellence (ERCOE), took its staff 30 Km away from Asmara for managerial training. Part of the training was to draw an action plan to emphasize engagement of staff at all level. During that retreat a number of suggestions came and junior staff requested to be part of the decision making process of the OAG. The following were the summary of points raised by participants of the managerial training:

- Junior staff should be part of decision of the OAG affairs;
- Employee Performance evaluation system should be implemented;
- Frequency of the general meeting should be increased in to ensure timely forwards of ideas and concerns;
- Gender equality should be enhanced by introducing gender focused policy;
- Training opportunity should be increased;
- Social events should be enhanced
- Others issues.

Based on the suggestion came from the staff, the OAG took several initiatives to engage and empower its employee in the planning and executing the OAG activities. A number of committees and working groups were established to oversee the activities of the OAG and junior staff were made part of these committees and work groups.

The employee performance evaluation System is under development and will be implemented next year. To facilitate a convenient platform for discussion and to forward their concern, the general meeting of all staff members has increased to twice a year from one. Several gender focused initiatives have been undertaken. The details are already discussed on the management of resource topic under the sub heading of human resource management. The training policy and employee development program is currently under revision to address concerns of our staff members.

The OAG staff cooperative association which was established during the 90s was dissolved to include new employees. The management of OAG arranged a social event in Massawa with a free contribution by the Marine College and Eritrean Naval Force for lodging and boat trip around red Sea. This social events will increase for future.

Audit clients

The OAG took the opportunity of the launching of the strategic plan to discuss audit issue with audit clients. During the meeting the Auditor General explained the consequences of failing to implement Audit recommendations to the client organization, the overall public financial management and to the OAG.
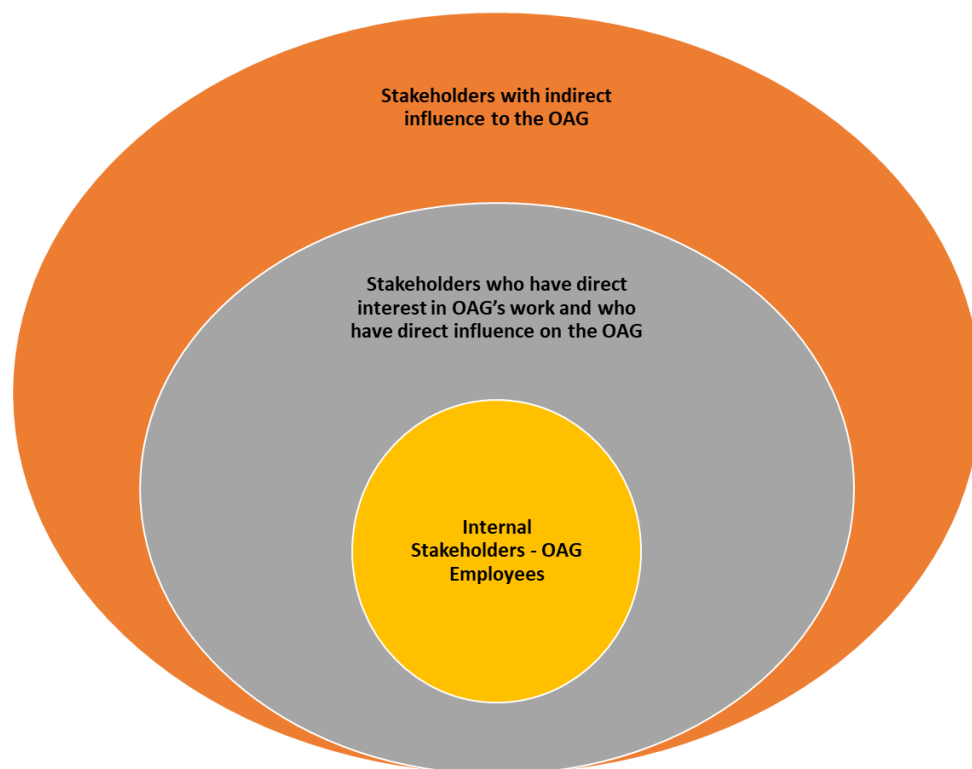

Fig. 8: Stakeholders' category

In addition, a seminar for Public Financial Managers from all our audit clients working in Government Institutions, was conducted in December 17. The seminar had two objectives; the first focused on client failures in implementing audit recommendations and possible interventions by the OAG to

support audit clients in implementing our Audit recommendations. The second objective was to collect information and suggestions from our clients to enable the OAG to include them as part of our operational plan for the year 2020. The seminar which was attended by 168 officials was successful.

Media

During 2019 the OAG conducted several engagement activities with the Ministry of Information to cover the activities of the OAG.

When the OAG launched its strategic plan in January, we requested the Ministry of Information to cover the event. The launching was covered in Television, Radio, and Newspaper in four languages including English and Arabic. Following the event, the Media also prepared a short article about the efforts and capacity building initiatives of the OAG, as well as, conducted short interviews with the Auditor General.

The Financial Audit Manual training conducted by the AFROSAI-E experts was also covered by media with a short interview with the Performance Audit manager of AFROSAI-E. Finally the Ministry also covered the training event of "Writing Effective report" delivered by the Communications Senior Manager of AFROSAI-E.

Chapter seven: International contributions

The OAG is member of INTOSAI, AFROSAI and AFROSAI-E. The OAG has fully paid the membership fee for all the three international organizations. The Auditor General and the top management of the OAG participated in the Governing Board meeting of AFROSAI-E and the INCOSAI 2019.

As part of the International and regional audit communities, the OAG wants to contribute to these communities. However, due to limitation in its capacity it did not have much contribution. We are planning to change this in the coming few years. As member of AFROSAI-E, our office contributed one quality assurance expert for the quality assurance review of SAI Uganda. The OAG is also committed to share any burden of our community to the best of its ability.

Our office is also member of COMESA Board of External Auditors (COBEA) and contributes one audit team for the audits of COMESA secretariat and its organs. We are also member of the team who prepared the technical instruments for COBEA.

Chapter Eight: Challenges and Lessons learnt

Challenges
Human resource constraints

This is the biggest challenge in the OAG. Our office has full support of the National Resource Coordination Center, an organization in charge of equitable distribution of human resource in Eritrea and the National Commision for Higher Education and Research. However, with the current rate of annual accounting graduates, it will take up to ten years to enable the OAG audit every government entity annually.

The College of Business and Social Sciences is the only source of graduated accountants in Eritrea. We believe increasing the annual intake in the Department of Accounting of the College can addressed this problem.

The second challenge related to human resource constraint is the limitation in the capacity of the OAG in providing adequate training to new entratnts. The HRD Division does not have permanent training experts. To address this challenge, the OAG engaged top and middle management in training OAG staff on part-time basis. With increase in the number of staff, the experienced auditors can train trainers who can establish training unit permanently.

The third main challenge is the lack of adequate facility and amenities described below:

Transportation service: Due to the nature of our work, audits are conducted by a combination of part of works that are done in the OAG office and part outside the OAG premises. Auditors have to move from office to office carrying government documents in briefcases. Sometimes the documents could be to bulky making it impossible to use public transportation. The only vehicle we have in the office cannot handle all the tasks.

This challenge can be addressed by allocating one additional vehicle which cn trainsport audit teams and files from place to place. In addition, the OAG also need to have a minibus that can transport the OAG staff during morning and lunch breaks.

Office space: The OAG converted one of its auditors hall into training room. The hall was being shared by auditors whenever they are in the head office. We were able to solve the shortage of training facility but it was at the expense of office space. With the establishment of performance audit teams, the need for additional space is appropriate.

Daycare services: Our female colleagues have been striving to balance the career development with raising a family. Many of our colleagues has failed to continue their career due to marriage and child care. The OAG has the obligation to support these colleagues by at least establishing a daycare where mothers can bring their babies to the office. To address this issue, a space and child care facilities are required.

Lessons learnt

Preparation of Comprehensive Annual Work plan: An annual work plan with clear objectives and assignment of responsibility is important in implementing strategic objectives. When the annual work plan is reinforced with Monitoring and Evaluation plan with objectively measurable indicators and details of budget linked with each objective, then the annual work plan serves as a driving wheel to the organization towards success. For the OAG, this type of annual operational plan is the first of its kind. During the implementation of the plan, we have observed several gaps in the identification of the indicators. With the experience we acquired in 2019 will help us improve in 2020.

Quarterly Monitoring Report: The monitoring and evaluation sub-committee was conducting a quarterly monitoring for the implementation status of the activities. This regular monitoring activity has served as a wakeup call for activity owners who are lagging behind. To avoid a negative report, staff members were keen to complete each activity on time.

Identification of OAG Capacity: irrespective of the shortage in human resource, we were able to uncover a huge potential among staff members of the OAG. Relatively new and young staff members, and notable the female colleagues, are committed and enthusiastic about every responsibility they assumed. With paving the way for conducive environment, this generation will secure the future of the OAG.

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