



Office of the Auditor General of Eritrea (OAGE),
African Organization for English-speaking Supreme Audit Institutions (AFROSAI-E) and
the INTOSAI Development Initiative (IDI)

OAG Eritrea Accelerated Support Partnership Project Report

Reporting period: 01 June 2021 – 30 May 2022

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Introduction

The OAG Eritrea Phase 2 Accelerated Support partnership is a joint effort to support OAG to achieve key strategic goals and objectives through well-coordinated peer-based capacity development support. The project builds sustainable relationship between OAG staff, technical and peer advisors. The OAGE 2019-23 strategic plan operates under the following 5 strategic goals:

- Goal 1: To enhance the independence of the OAG
- Goal 2: To strengthen the organization and management capacity of the OAG
- Goal 3: To enhance the competency and productivity of human resources
- Goal 4: To enhance the quality of audit services to increase the value of the OAG
- Goal 5: To improve the communication practice in order to increase the image of the OAG

The project provides support on goals 2 – 5 selected areas within these goals. The project works on improving capacity by monitoring the improvements measured by a framework referred as “Institutional Capacity building Framework (ICBF).” The ICBF advocates capacity building on the 5 domains of SAIs as viable solution to ensure value adding role of Supreme Audit institutions. This report provide an update on support provided to OAGE agreed under the Phase 2. While the project focuses on coordinating technical support, most of it was provided by AFROSAI-E.

OAGE Goals and Objectives (capacities)

Activity status colour coding key	
Activities status	Colour code
Completed activity	Green
Outputs on track	Blue
Progress made but more support needed	Yellow
Support not yet started. Planned for 2023	Brown

Table 1: Update on project deliverables

Goal 2: To strengthen the organization and management capacity of the OAG		
<p><u>Update on Strategic Goal 2:</u> The OAGE established a Technical Committee composed of 14 staff from different levels. The Committee oversees customization of manuals, drafting of policies, guidelines, and templates. In 2021, the Committee customized AFROSAI-E Performance Audit Manual, prepared a template for Investigative Audit report and standardized Annual Report template. All these documents were approved by the Auditor General. A 3 year Strategic Plan for Finance & Administration Division was developed and, its Implementation Matrix will be finalised in the 4th quarter of 2022 before approval. OAGE also developed and finalised the following management documents: Employee Performance Appraisal, Change Management, Audit Supervision, Audit Follow-up, Delegation of Authority, Monitoring & Evaluation and, Annual Reporting.</p>		
OAGE outputs supported through the project	Activity status	Support provided
Strengthening the 2021-23 Operational Plans	On track, (2022 activities achieved)	The 2022 Annual Operational Plan was approved by 30 January and distributed to various divisions. Technical support was provided in developing an excel based activity monitoring tool for both audit and non-audit activities, government initiated activities, external support, and the budget.
SAI Annual performance report for 2020 and 2023	On track, (2022 activities achieved)	The OAGE 2021 Annual Performance Reporting (including qualitative reporting on impact) was developed and signed-off by the AG. Technical support was provided on editing, layout and design of the report.
Streamlining operations for maximum efficiency, automation and effectiveness Coordinating Human Resources Management needs	Progress made but more support required	OAG developed an Internal Control Framework based on ISSAI 20. AFROSAI-E provided feedback on the framework. The document was revised and submitted to AFROSAI-E for comments. Recommendations are for further training in Internal Control System. The training will be provided during in-country MDP training
Change Management system and practices established	Progress made but more support required. Planned for 2023	A Change Management Committee was established but not yet functional. AFROSAI-E will provide a tailored workshop to develop a change management system and practices, supplemented by implementation guidance in-country support.
Goal 3: To enhance the competency and productivity of human resources		
<p><u>Update on Strategic Goal 3:</u> In 2021, OAG received 26 staff (22 graduates and 4 experienced) from the Resource Coordination Center who then went through a 5 days induction course.</p> <p>The OAG now has 55 female staff which constitute 35% and increase of 1% from the previous year.</p>		

OAGE outputs supported through the project	Activity status	Support provided
Human Resources Management training of key staff	Progress made but more support required. Planned for 2023	10 staff participated in AFROSAI-E Regional Human Resources Workshop and the OAGE presented its experience in preparing and implementing a Gender strategy AFROSAI-E conducted a Training Needs Assessment on the Human Resources Division. Areas of support were identified, and support will be provided in year 2023 through a Peer SAI (likely to be SAI Sierra Leone).
Culture Value Assessment including a review of the institutional values and how they impact staff welfare	Completed	The AFROSAI-E conducted a Culture Value Assessment for OAGE and findings were presented to all staff. The CVA results will be reflected when developing Technical Needs Assessments and when developing the new Organisational Strategy.
OAGE Professional development plan	Support not yet started. Planned for 2023-24	Plans to support the OAGE in Professional Development Plan through a Peer SAI (likely to be SAI Sierra Leone).
Policies and guidelines on Performance Appraisal.	Progress made but more support required. Planned for 2023	The OAG drafted a Performance Appraisal Guideline. The Guideline provides Top Managers and employees a clear understanding of what is expected of them. It aims to provide a fair, predictable, and consistent approach to managing Performance Appraisal. AFROSAI-E Technical Managers will review the Guideline during the a Management Development Programme training in 4th quarter of 2022.
Strengthen SAI Performance Appraisal system	Support not yet started. Planned for 2023-24	Plans are to bring in a Peer SAI to provide hands-on support in developing a performance appraisal system, supplemented by implementation guidance online from AFROSAI-E Institutional Strengthening team.
Staff development policies, including a consistent approach to identifying staff who require training needs	Progress made but more support required. Planned for 2023	Plans are to bring in Peer Support for training on Policies and Guideline development as well as reviewing and advising on those that are in draft phase.
Gender mainstreaming		
OAGE outputs supported through the project	Activity status	Support provided
OAGE Gender policy	Complete	OAGE finalised a Gender Policy and a 3-year Gender Strategy. The aim is to implement gender-mainstreaming initiatives to create a gender sensitive environment in the OAG. Technical support was provided in revising the strategy objectives and activities.

Goal 4: To enhance the quality of audit services to increase the value of the OAG		
<p><u>Update on Strategic Goal 4:</u> OAGE planned to conduct Financial Audit for 40 entities, 2 Investigative Audits requested by our stakeholders and 5 Performance Audits, making the total planned entities to 47. Only 26 Financial, 1 Performance, 1 Investigative Audit were finalized making 60% coverage of the target. This was a 16% drop on Audit Coverage compared to 2020 which was 76%. The drop was caused by 2 factors:</p> <ul style="list-style-type: none"> • Most Senior Auditors and Team Leaders were carrying out studies in Professional Education for SAI Auditors program (PESA-P). • Secondly was the hands-on coaching program the management introduced to groom potential team leaders that consume so much time in review and coaching of pilot projects. <p>Out of the 26 Financial audits, 23 have unqualified opinion and three qualified. There was no qualified audit opinion issued in 2021. Audit findings revealed uncollected revenue and receivables of over ERN 4 billion.</p> <p>AFROSAI-E Performance Audit Manual which was customized towards the end of 2020 was implemented in 2021.</p>		
OAGE outputs supported through the project	Activity status	Support provided
Adoption of A-SEAT to improve efficiency in undertaking audits	Progress made but more support required. Planned for 2023	A training of trainers in the implementation of A-SEAT audit management software was delivered virtually which was attended by 2 IT staff and 2 Audit staff. Preparation of necessary infrastructure is finalized and implementation of the automation is scheduled during the 3rd quarter of 2022.
Financial and Compliance audit: - 40% of all audit clients are audited. - 50 staff trained in all main steps of the CAM	Progress made but more support required. Planned for 2023	65% of planned audit clients audited Induction Course: A five days induction course was delivered to 26 new staff members who joined the OAG in 2021. The topics covered in the course include FAM, CAM, ethical standards, OAG strategic plan, and professional disposition.
Performance audit: - 4 audit reports completed - 15 staff trained in all main steps of PAM	On track, on-going activities	OAG completed 1 Performance Audit on Asmara Clean Water Supply and Semenawi Mibrak branch of Inland Revenue Tax Assessment System. 7 staff added to the Performance Audit Division in 2021 were enrolled to AFROSAI-E e-learning program taking the 3 modules PA package online. They attended a three course module training which was delivered virtually in June 2021. A performance audit in oil and gas industry workshop was organized by Netherland Court of Audit (NCA). 8 staff members from the performance audit units participated. 10 Performance Audit staff attended a virtual workshop on Extractive Industries organised by AFROSAI-E.

<p>Investigative audit</p> <ul style="list-style-type: none"> - 80% of requested investigative audit are completed and reported - 6 staff trained in all main steps of Investigative audits 	<p>Support not yet started. Planned for 2023-24</p>	<p>2 Investigative audits that were requested by our stakeholders were all conducted by the OAGE.</p> <p>No support provided in 2021-22</p>
<p>Information systems audit</p> <ul style="list-style-type: none"> - 4 audit reports completed and - 4 staff trained in all main steps of IS audits 	<p>On track, on-going activities</p>	<p>An IT Management System training that aimed at SAIs technical and management staff was delivered virtually from 19 to 23 April. The workshop was organized by AFROSAI-E and 4 staff members from the information systems division participated in the workshop.</p> <p>Working group on information systems audit and management (WIGISAM): Three IS Audit and ICT Division staff members attended a workshop organized by WIGISAM.</p>
<p>Quality assurance</p> <ul style="list-style-type: none"> - Quality Assurance policy - Number of quality assurance review activities conducted annually, 	<p>Progress made but more support required. Planned for 2023</p>	<p>No support was provided in 2021-22.</p> <p>Quality Assurance policy was developed in 2014 to ensure adherence to professional code of ethics under audit standards</p> <p>In 2021, the management pulled resources from the two Audit Departments to establish a Quality Assurance Review Unit. Upon its establishment in August 2021, 2 QAR certified Senior Auditors delivered three days theoretical training, accompanied by a practical review of 6 audit files.</p>
<p>System for following up audit recommendations, considering how to assess it in the annual overall audit planning and the assessment of progress of previous year's recommendations</p>	<p>Support not yet started. Planned for 2023-24</p>	<p>No support provided in 2021-22. The guideline was developed and approved in 2020 but it is not yet implemented</p>

Goal 5: Communication and stakeholder management

Update on Strategic Goal 5: Based on stakeholders' feedback guideline, OAGE distributed service satisfaction survey for audit clients. Except the recommendation on timing of audit commencement, the other part reveal that audit clients are satisfied by the work of the OAG.

A digital signage had intensive display of information and marketing videos shared by AFROSAI-E, on Culture Value Assessment, OAG responsiveness to Gender, to share information on OAG activities and updates of COVID 19, annual operational plans and other announcements.

OAGE outputs supported through the project	Activity status	Support provided
5.1 To upgrade OAG Communication Policy	Complete	Communication Policy: The OAG revised its Communication Policy which was prepared in 2011. The communication Manager of the AFROSAI-E reviewed the document and provided two feedback sessions which facilitated the finalization of the document.
5.2 To engage with the media and other stakeholders to increase the awareness of the public	Support not yet started. Planned for 2022.	No support provided during the period under review. AFROSAI-E Technical Manager will provide in-country support in 4 th quarter of 2022

Regional Training Programs

- Performance auditing in the Oil and Gas Industry: A performance audit in oil and gas industry workshop was organized by Netherland Court of Audit (NCA) on 18 June. 8 staff members from the performance audit units participated in the workshop.
- A UN/ INTOSAI Secretariat Symposium: Symposium on working during and after the pandemic “Building on the experience of SAIs for strengthening effective institutions” was organized jointly by the UN/ INTOSAI Secretariat from 23 to 30 June. 10 OAG Management staff attended the virtual meeting.
- IT self-assessment workshop: An Information Technology self-assessment workshop was conducted from 2 to 3 September. The workshop was attended by 19 OAG staff members from all OAG organs.
- The AFROSAI-E Technical Update and Refresher Courses on Regularity Audit, HR and Performance Audit was attended by 10 Top and middle Management staff, 26 Audit staff in the Regularity Audit, 5 in Performance Audit, and 8 from Human Resources.

OAGE performance on ICBF

The project makes use of OAGE performance on Institutional Capacity Building Framework (ICBF) assessment. The ICBF provides information:

- To enable the OAGE to identify areas of improvement and how these can be achieved from an institutional perspective (own capacity building).
- To enable better understanding of OAGE capacity needs and advise the Accelerated Support project on which learning interventions to be prioritized.
- To guide donor interactions when used to understand OAGE requirements.

Table below shows how the OAGE scored in 2021 against those for year 2020. The OAGE improvements in 4 ICBF Domains. The improvement in these 4 domains is largely attributed to the development of strategies, policies and guidelines as well as setting up a Technical Committee to monitor them. A drop on Domain 4 was largely affected by the drop in Audit coverage. The audit coverage for 2020 was over 76% meaning audit coverage in 2021 fell by 16%.

The Phase 2 support will continue to assess the ICBF scores and engage with development partners to mobilise long-term capacity-development support in areas where there is a low scoring. It is expected an improvement of ICBF scores for OAGE as the project provides more technical and hands-on peer based support.

Table 2: Comparison between Yr 2020 and Yr 2021 ICBF scores

ICBF Domains	2020 ICBF scores (Project baseline)	2021 ICBF Scores
Domain 1: Independence and Legal Framework	2,19	2,29
Domain 2: Organisation and Management	2,59	2,68
Domain 3: Human Resources	1,91	2,23
Domain 4: Audit Standards and Methodology	2,44	2,37
Domain 5: Communication and Stakeholder Management	2,08	2,38

Finance budget & expenditure

For this reporting period, the OAGE Accelerated Support Project did not have direct funding. Project expenses were covered from 3 streams: IDI, AFROSAI-E, INTOSAI PFAC grant and the UNDP.

- IDI covered costs for in-country support, OAGE participation at AFROSAI-E workshops (in 2022) and other costs related to design and printing of material.
- AFROSAI-E covered costs for AFROSAI-E technical support staff time, project management and 8% of internet connectivity cost.
- The INTOSAI PFAC grant covered 54% of the internet connectivity costs.
- UNDP covered 38% of internet connectivity costs.

AFROSAI-E submitted a proposal for funding to the African Development Bank which was approved in November 2021. The contract period is expected to start in July 2022. The AfDB funding will contribute to enhancement of the required capacity development in OAG Eritrea. However, the contract does not cover salary costs which then leaves a need to secure more funding.

Table 3: Project Expenditure (June 2021 – 30 May 2022):

Activity	Expenses	Funding Source
In-country support costs (VISA, travel, accommodation allowances etc)	\$ 7 549,97	IDI
Connectivity Support	\$ 1 837,41	AFROSAI-E (June 2021)
	\$ 12 720.26	INTOSAI (01 July – 31 December 2021)
	\$ 9 187,07	UNDP through OAGE (01 January – 30 May 2022)
Staff time (Based on Timesheets)	\$ 41 715-10	AFROSAI-E
TOTAL	<u>\$ 73 009-81</u>	

Challenges and lessons learnt

Project related challenges

- The Government of Eritrea has not started rolling out COVID-19 vaccination to citizens. This created a challenge for OAGE staff to attend workshops and trainings in countries where

vaccination was mandatory. In some cases, OAGE staff had to take PCR tests when travelling, which is costly (\$100-00 a PCR test in Eritrea).

- OAGE had to cancel other audits due to COVID-19 travel restrictions.
- OAGE inability to cover cost of internet connectivity affected remote support. The call for proposal from INTOSAI for grant under the “SAI Continuity during COVID-19” contributed limited amount of money.
- Most of the staff that were recruited in 2021 had little or no experience in SAI working environment. Most of the staff It was difficult for them to make a impact in a short period of time and More time was invested in capacitating them than them doing the actual work.

Lessons learnt

- Hybrid workshops are important to reduce technical support costs and to allow more staff to be trained.
- A Training Needs Assessments for all Division is important to determine specific areas that require technical support and peer support.
- In 2021, the OAG initiated a pilot project to prepare team leaders by starting practical coaching by assigning experienced auditors in a role of team leading. Under a close supervision of audit directors, the OAG was able to produce reasonable number of team leaders. The positive outcome of the pilot project was a good lesson to be continued in the coming years.
- When planning, the OAGE should consider time to be spend on technical support/trainings.

Technical and Peer Support for 2022-23

Activities	Type of support	Year 2022		Year 2023			
		Q3	Q4	Q1	Q2	Q3	Q4
Goal 2: To strengthen the organization and management capacity of the OAG							
Development of the 2024-28 OAGE Strategy	In-country support (PAP-APP Project Managers)						
Strengthening the 2023 Operational Plans	In-country support (PAP-APP Project Managers)						
SAI Annual performance report for 2022	In-country support (PAP-APP Project Managers)						
Change Management system	In-country support (PAP-APP Project Managers)						
Management Development Programme Training	In-country training (AFROSAI-E)						
Goal 3: To enhance the competency and productivity of human resources							
Review of the Human Resources Strategy	Peer support: Sierra Leone						
Support in reviewing HR policies and guidelines	Peer support: Sierra Leone						
Strengthen SAI Performance Appraisal system	Peer Support (TBA)						
3.2 Gender mainstreaming							
Mentoring the Gender committee	In-country support (AFROSAI-E)						
Support in reviewing gender activities	In-country support (AFROSAI-E)						
Goal 4: To enhance the quality of audit services to increase the value of the OAG							
Resident Trainer support on Performance Audit	Peer support (NAO Tanzania)						
Resident Trainer support on Financial Audits	Peer Support (TBA)						
Quality Assurance Training	In-country training (Resource person)						
IS Audit training	In-country training (AFROSAI-E)						
Investigative Audit	In-country training (AFROSAI-E)						
Participation in AFROSAI-E sub-regional workshops	Regional workshop (AFROSAI-E)						
Goal 5: Communication and stakeholder management							
To engage with the media and other stakeholders	In-country support (AFROSAI-E)						
Participation on Regional Communications workshop	Regional workshop (AFROSAI-E)						
Assessment of stakeholder feedback	In-country support (AFROSAI-E)						