

Challenges facing SAI leaders in complex and challenging contexts

Introduction

In many countries, governments and parliaments do not fully understand the roles of independent public external audit bodies. While in some, the work of Supreme Audit Institutions is recognized as contributing to improving the business of government and helping strengthen democracy and accountability, in others they are seen at best as minor irritants and at worst as almost treasonable. Audit findings and recommendations can be seen as personal attacks or political criticism and not as intrinsic and vital parts of managing modern states. In such contexts, leading a Supreme Audit Institution can often be a lonely role with one's peers not within the country but scattered across the globe.

The Auditing in Complex and Challenging Contexts workstream within the INTOSAI Capacity Building Committee provides a forum in which SAI leaders can meet and discuss the leadership challenges they face in their different countries. In mid-October 2021, a small group of leaders of African SAIs met virtually to discuss a variety of scenarios which they as organisational managers may have had to face.

The scenarios they addressed were posed to them as if their advice was being sought from the head of a fictitious SAI, the SAI of Erewhon whose leader, Dr Irene Ecalpa, had recently been appointed to her posts and wanted to tap into the expertise of her fellow SAI leaders (see methodological annex).

This report summarises the advice emerging from the discussions. In providing this advice, the SAI leaders were keen to stress that they were drawing on their own experiences and contexts. They did not fully understand the challenges facing Erewhon and while they hoped their advice would be helpful, Dr Irene, would of course need to consider it and adapt it to her specific country and organisational contexts. The advice is being shared more widely within the ACCC community in the hope that it will of interest and use to other colleagues.

Scenario 1

How to deliver **bad news** to government. One of my audits has revealed substantial problems in the accounts of the Office of the Vice President. How do I deliver such news to the Parliament so early in my tenure?

Dr Irene was advised to:



Check the law – what does it say about the rights and roles of the SAI, does she have the power to publish her reports and to present them to parliament and the public.



Consider what relationship does she have with parliament? It may be that she will have to stand up to the parliament, and clearly explain her role, her powers, and the importance of her findings? SAIs rarely deliver good news but bad news can be good news if it leads to change and improvement. Also being brave can respect and help key people become friends and allies.



Consider engaging with other stakeholders, such as civil society and taxpayers. Might they be able to back you up? Are these groups aware of your work? This may be a longer-term strategy but the more you do to make sure that the key organisations within Erehwon understand your work, the better protected you will be against attacks from those who do not like your findings.



Make sure the government is not surprised by the results of your audit. During the audit clearance process, they should have seen the initial findings and had a chance to comment and/or provide additional evidence. Even if they are uncomfortable with the findings, help them understand how to respond openly and positively to the audit report, and demonstrate a commitment to rectifying weaknesses.



Make sure relevant in-country donors and/or embassies are aware of your report and can speak on your behalf to parliament and government.



If you are worried that the report will be attacked, then you may want to double up on the quality assurance process. Bring in another team to carefully review the evidence and ensure that your report cannot be unravelled for simple errors.



Make sure that you walk the talk, if the report contains critical findings, make sure that none of these would apply to your own SAI.



Prepare for criticisms and put in place a well-planned communication strategy with appropriate press releases, press conferences, to manage the anticipated media frenzy. Also, timing can affect the nature of the pushback – if there are elections forthcoming then a government will be more than usually sensitive, and an opposition may seek to use your reports more politically. You may have no choice on this occasion, but it can sometimes be better to avoid releasing sensitive reports when elections are imminent.



Be true to your personal convictions. How passionate are you about public accountability? What risks are you willing to take to ensure transparency and accountability? This is what you came into the position to do.



If you feel your independence is being threatened, then consider knocking on IDIs' door. They may be able to offer support through SIRAM mechanism.

Scenario 2

I have an endless line of donors wanting meetings and wanting to offer me small capacity building projects. Much of this diverts me from my main work and is a waste of time but at the same time I can see that the donors are useful allies in trying to improve PFM in my country – what do you suggest I do?

Dr Irene was advised to:



Seek to better understand what motivates the donors – while it is true some have their own agendas, in most cases, they want to do the right thing. They often want to understand you, and your vision for the organisation.



Involve the donors in the SAI's strategic planning process, inviting them to contribute to that process, and helping them see what are the SAI's development priorities. It then becomes easier to encourage them to fund or co-fund elements of the plan which both meet their agendas and those of the SAI. Where they do fund specific parts of the plan, provide regular feedback on progress so they can see the impact of their contributions and so they can build a trust in the SAI and become less involved in the minutiae. If you do this with them as a group that can help you manage your time more effectively.



Recognise that donors in some developing countries, contribute more than half of the public sector funds as well as covering part of the operational costs of SAIs. As such they play an important role in a country and relationships need careful management. Some SAI leaders meet all donors initially, before subsequently delegating the management of relations with smaller donors to other SAI senior managers.



Make sure donors understand the SAI's operating calendar when scheduling meetings or setting deadlines for interaction...

Donors are often unfamiliar with the annual audit cycles and may not appreciate that at certain times of the years audit work is so intensive that external interactions are all but impossible.

✓ Turning down donations must be done carefully and with tact so that you do not turn away other, more appropriate donors. You should be grateful for the offer, apologetic that you are unable to accept, and forthright about why you cannot accept the offer. Some offers come with strings attached which may risk undermining the SAI in different ways. You may also need to explain the background and how it may harm the SAI. Most donors don't want to harm the SAI so if the SAI is clear about the issues, most will accept that explanation. You may also be able to help the donor achieve their goals by directing them to contact another appropriate organization.

✓ Don't be afraid of challenging donors who make grand promises, require mountains of paperwork, and then fail to deliver. The time wasters should be called out, not necessarily publicly but firmly and at senior levels.

✓ Consider developing a strategy/policy to regulate and explain what gifts you can accept – and not. Referring prospective donors to such a policy may help limit who approaches you, when and how.

✓ Consider sharing information with the donors about the SAI's audit reports in sectors funded by the donors. This will help donors better understand how the general SAI work is consistent with their aspirations but also suggest areas where they may be able to help line ministries.

✓ It may be helpful to categorize and differentiate your donors between those can be long-term partners and transform the SAI, and donors who can fund a particular small activity.

✓ Keep in touch with colleagues in other SAIs to understand their experiences of donors - remembering INTOSAI motto of "mutual experience benefits all". They want to know you as a leader and understand what your vision is and your leadership style.

Scenario 3

My office has a substantial issue with gender parity. All the senior management team are males whereas 75% of the audit staff are women. The issue has been picked up by the Erehwon Feminist Agenda who are seeking to embarrass my office. What could I do to address this issue?

Dr Irene was advised to:



Recognise that change will take time and involve a cultural shift across the organisation.



Begin working with your senior management team to ensure their buy in and to develop a plan for increasing the percentage of women in senior management. Such a plan would be likely to include:

The introduction of family-friendly policies which make it easier for women to balance work requirements with child and other care responsibilities;

Research into why women are not entering senior management and an examination of current HR policies to ensure there is no covert discrimination;

Reviewing recruitment procedures to ensure there are no unintended barriers and biases;

Introducing a mentorship programme to support and encourage women with management potential and aspirations;

Shining a spotlight on successful women in the organization – internally and externally;

A commitment to an affirmative action agenda with targets which are monitored regularly;

Setting aside a budget to ensure the gender parity agenda is achieved;

Creating opportunities for employees to talk about how and why women have suffered discrimination and what can be done about it.



Remember that it is not just about women, men need to be provided with training and support to understand their cultural and unthinking biases, and need to themselves monitor the behaviour of other men when they resort to gender stereotypical behaviour.



Be patient with women. They have been left in the cold for some time, so being catapulted into leadership positions they may not initially be as confident as you might want. They need time to gain experience and support in the process.



Actively encourage women to apply for senior posts. Men tend to have a more aggressive drive and confidence and apply for jobs where they are not 100% qualified, which women rarely do.



Think through situations you may encounter like, for example, a situation where there are two final candidates a male and a female and the male performs slightly better in the interview...

Would you recruit the male on the basis that he was the strongest candidate or take an affirmative action position and appoint the women to begin to achieve greater gender parity?



Examine the overall recruitment pattern into the office. Why are 75% of junior staff female? Are wage rates low in the SAI? Is the SAI's status lower than other comparable bodies? For the long-term well-being of the office, it is important to address this challenge and seek gender parity at all levels.

Scenario 4

Many of my junior staff are obtaining professional qualifications and are better qualified than their managers. How can I work to ensure that middle and senior managers are supportive of the changes, do not feel threatened and do not block reform?

Dr Irene was advised to:



Ensure that all staff at all levels have individual training programmes and mentors/coaches to help them achieve their training needs.



Put in place a fast-track professional training programme for managers which will provide some exemptions for prior experience and knowledge. Where necessary cover some or all the costs of participating in external professional training courses and provide time release.



Provide senior managers with access to external professional training opportunities delivered within the national public service, by universities and/or by professional accounting associations.



Underline that commitment to change is vital. It is for the best of the organization. Create change-management teams to engage with staff and help change attitudes.



Provide training for senior managers so they understand the accounting skills and knowledge being acquired by junior staff and how best to utilise this knowledge. In some cases, the managers may not need to understand all the nuances of accounting learned by their staff, but they will need to know how to review quality and how to question evidence.



If some of the current senior management team are unable or unwilling to retrain then consider seconding them to other positions in the public sector or even acquiring funds to introduce a voluntary retirement programme. With any such programme it is important to retain the right to decide whose application to accept and whose to reject – often in such situations the best staff seek to leave knowing they will be employed elsewhere, and the weakest are reluctant to accept the risk of leaving.

Scenario 5

Corruption in my office: A very senior permanent secretary has rung me to say that his regional director has just informed him that the SAI audit manager carrying out his audit has asked for money to not issue an adverse opinion on their recent audit. What should I do and how can I make sure my organization is as corruption proof as possible?

Dr Irene was advised to:



Recognise that this is a crime and there has to be zero tolerance in your office...

It is likely that your SAI already has a clear policy for such a situation. It is likely to mean immediate suspension of full pay of the accused staff member, followed by the creation of a special investigative team in the SAI to gather preliminary evidence, and to confirm whether there does appear to be a case to answer. If there is, then the case should be referred to the police or other appropriate prosecuting authority to complete the investigation and if warranted launch a prosecution.



More generally you may wish to review procedures in the SAI to ensure that the appropriate systems are in place to reduce the risk of corruption including:

the adoption of a clear code of conduct which staff are expected to sign annually,

an annual declaration of interests completed by all staff;

a whistle blowing system or hot line through which staff can report suspected cases;

regular rotation of staff between audits so that teams are mixed up and that no-one remains on the same audit for more than an agreed series of audit cycles.



Consider using the INTOSAI tool IntoSAINT to run workshop to ensure that the policies, practices, and culture of integrity are in place in the office.



Review comparative salaries in the SAI. While it is never excusable, low salaries can create fertile soil in which corruption can grow. A case may need to be made for improving the pay of SAI employees.



When the case is closed, conduct an exercise to remind staff of their role in tackling corruption and ensuring that the SAI is a corruption free beacon.



Be hard on unsubstantiated and vindictive accusations of corruption. Some auditees may raise the alarm to divert attention away from their own failures which an audit was about to expose. You may wish to have regular meetings with senior civil servants to encourage honest feedback but making it clear that such claims need to have substance.



Underline the importance of the professionalization of the audit office. When staff become members of professional bodies, they sign up to the professional codes of conduct. If they breach these, they can be struck off and no longer able to practice professionally. So, a staff member dismissed by the SAI for corruption or other malpractices risks also losing his or her ability to find external work.

Scenario 6

Elections are due in the next year and it is likely the current opposition will win. While the current government seems supportive, I am not sure about the opposition. What can I do before the elections to try to ensure that they understand our work and are supportive? At the same time, I do not want the current government to regard me as playing politics.

Dr Irene was advised to:



Remind herself that the SAI's mandate is to serve the public's interest and it is regulated by the constitution...

Whenever there is a change in government, the SAI serves the public interest, not the ruling or opposition party and it is important for you to keep this before the public and the parliament.



Consider conducting workshops for parliamentarians and their staff to make sure they are reminded of your role and the way the SAI contributes to good governance for the entire country. They should also be reminded that your staff are neutral professionals who aim to serve the public interest at large and not any particular political party.



Following the election, you should also plan a new cycle of workshops to make sure that new politicians and senior public servants understand the work of the SAI. This can also serve to build trust. If there is a formal induction programme for new parliamentarians and their staff, you should explore the scope for the SAI to have a role.



More detailed workshop training should be prepared for the new members of the Committee of Public Accounts or other financial oversight bodies in the parliament.



In the medium term, if you do not have one already, the SAI should develop a stakeholder engagement strategy. The parliament is a key stakeholder, and you need a structured approach, but you also need a good working relationship with the professional staff of the parliament. They tend to be in office longer than the parliamentarians themselves and can make a big difference in the parliamentarians' understanding of the SAI's role and reports.



In the lead up to the elections, you may wish to produce a series of written briefings summarising the work the SAI has done in recent years in each ministerial or departmental area. These briefings would provide a short introduction to the ministry, the main findings from prior financial and performance audits, progress with implementing the SAI recommendation, and an identification of the main risks.

Participating Heads of SAIs

Mr Gherezhiher Chirum, Auditor General, Eritrea

Mr Timothy Matsebula, Auditor General, Eswatini

Mr Karamba Touray, Auditor General, The Gambia

Ms Monica Besetsa, Acting Auditor General, Lesotho

Mr Obadiah Biraro, Auditor General, Rwanda

Ms Lara Taylor Pearce, Auditor General, Sierra Leone

Mr Mohamed Ali, Auditor General, Somalia

Ms Tsakani Maluleke, Auditor General, South Africa

Ms Helena Lindberg, Auditor General, Sweden

Ms Mildred Chiri, Auditor General, Zimbabwe

Ms Meisie Nkai, Chief Executive Officer, AFROSAI-E

Methodological note:

The scenarios used in this workshop were developed following interviews with each of the prospective participants. An initial long list was drawn up from which six were selected to be used in this workshop. For each of the one-hour discussions, two of the SAI leaders lead the discussion, preparing a few key points in advance and then the other participants were able to question the leads and/or add to the points raised. The full list of scenarios follows:

Case study scenarios for prioritisation

Dear Colleagues

I am newly appointed to my post as Head of the SAI of Erehwon. I am a qualified accountant with years of auditing experience in the private sector so technically I feel well equipped to lead the organisation. However, I have already identified some challenges which you, as my more experienced peers, may be able to help me tackle. I would particularly appreciate your advice on:

Stakeholder relations

1. How to deliver **bad news** to government. One of my audits has revealed substantial problems in the accounts of the Office of the Vice President. How do I deliver such news to the Parliament so early in my tenure?
2. How do I **speak truth to power and stay alive**? I have heard of Heads of SAIs travelling with bodyguards, is that what I will have to do?
3. The **PAC** is not meeting often and is not supportive of the **SAI** – seeing us as treacherous in daring to criticise the government. How can I build better links so that they understand our role and become supportive?
4. The **new government** coming into power do not understand our need to be independent and indeed **want to use us to punish the previous regime**. How do I resist this pressure but maintain their support?
5. I have an endless line of **donors** wanting meetings and wanting to offer me small capacity building projects. Much of this diverts me from my main work and is a waste of time but at the same time I can see that the donors are useful allies in trying to improve PFM in my country – what do you suggest I do?
6. I want to develop good **relations with civil society**, but most of the civil society organisations in the country are seen by the government as pro-opposition. How do I build links without been seen to politicise my SAI?
7. I have been looking back at the **past recommendations** made by the SAI and talking to my senior staff. It seems that very few of the recommendations are being implemented. What could I do to change this?

Staff management

8. My office has a substantial issue with **gender parity**. All the senior management team are males whereas 75% of the audit staff are women. The issue has been picked up by the Erehwon Feminist Agenda who are seeking to embarrass my office. What could I do to address this issue?
9. How I might **staff my regional offices**. I have 10 regional offices across the country, and it is proving hard to staff those offices. If I send staff from the centre, they resist, fearing being trapped in the provinces and citing the schooling needs of their children and the careers of their spouses. Where we recruit locally, the staff are not of the same quality and risk being co-opted by those they audit. What can I do?

10. How to get rid of **poorly performing staff**. I can see that attempts have been made to retrain and remotivate some underperforming staff, but it did not work. How can I get rid of them?

11. Many of my junior staff are obtaining professional qualifications and are better qualified than their managers. How can I work to ensure that **middle and senior managers** are supportive of the changes, do not feel threatened, and do not block reform?

12. It has been brought to my attention that some **staff are bad mouthing the SAI** externally and even leaking audit findings. What should I do to address this?

13. My staff are poorly paid so as soon as I train them, they leave. What strategies have you used to obtain **more money for wages**?

Strategic issue

14. **Corruption in my office**. A very senior permanent secretary has rung me to say that his regional director has just informed him that the SAI audit manager carrying out his audit has asked for money to not issue an adverse audit opinion on their recent audit. What should I do and how can I make sure my organisation is as corruption proof as possible?

15. During the tenure of my predecessor, the SAI had started to **lose influence**. Audit reports were often late, and they were criticised for their inaccuracies,

16. Whether I should consider breaking the law and then deal with the consequences. I do not have the resources to do all the audits I am legally obliged to do in my mandate and as result we are **falling further and further behind with my backlog**. Can I wipe out the backlog, start afresh, do the audits I can with the budget I have and tell the Parliament and government what I have done?

17. How do I explain to parliament and the government that **the impact of Covid** means that my office is swamped? Half the staff are working at home with inadequate computing and the donors are demanding increased audits of the funds provided to fight Covid. I am going to be only able to do half the planned statutory audits.

18. **Tenure**: I will be in the job for 5 years and when I leave, I want to ensure that the job is passed on to someone who is competent and clean? What can I do to increase the possibility that this will happen?

19. **Elections** are due in the next year and it is likely the current opposition will win. While the current government seems supportive, I am not sure about the opposition. What can I do before the elections to try to ensure that they understand our work and are supportive? At the same time, I do not want the current government to regard me as playing politics.

20. Some of the contracted-out audits are being challenged in the courts. How do I make sure that the **quality** of these audits is beyond reproach?

21. My staff are scattered across many buildings in the capital city, and I have a few offices in the Ministry of Finance. I want to raise the profile of the SAI and co-locate my staff in one place. In the past the government has been reluctant to commit the necessary capital resource. Do you have any ideas how I can acquire my own **accommodation**?

22. Issues of **integrity, independence and transparency** are **poorly understood** in my country. How do I start working to achieve this cultural change?

23. The audit law is sound and grants my SAI considerable independence. However, **the government clearly regrets passing** it and is trying to erode my powers any way it can. How might I begin to convince them that they were right to pass **the audit act** and our independence helps them as well as the citizenry?

Yours sincerely

Dr Irene Ecalpa, Auditor General Erehwon