



The AFROSAI-E Guideline on Preventing and Detecting Fraud and Corruption

Is there value in adopting a preventive approach?



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Gorden Kandoro: 26 November 2015

Presentation Outline

1. About AFROSAI-E
2. SAIs and ISSAI 12 Objectives
3. The challenges for detecting fraud & corruption
4. Structure of the Fraud & Corruption Guideline
 - The integrity management control systems of audited organisations
 - IntoSAINT tool - what we learnt
5. Looking Ahead

STATEMENT OF INTENT

Making a difference in the performance of SAIs

OUR MISSION

AFROSAI-E is, through innovation, committed to cooperate with and support its member SAIs to enhance their institutional capacity to successfully fulfil their audit mandates, thereby making a difference to the lives of citizens

VALUE STATEMENT

**Innovation
and
Creativity**

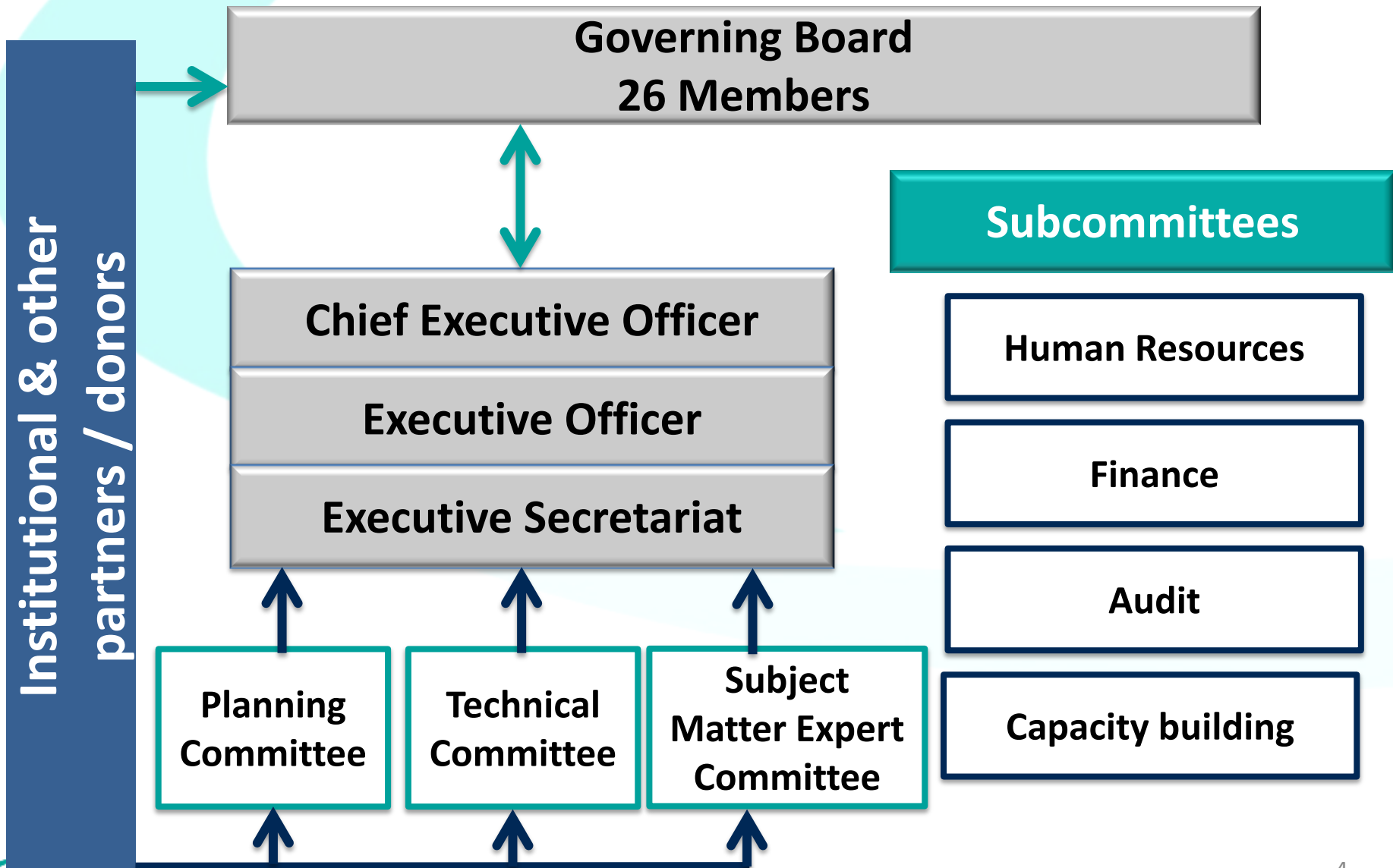
**Developing
Competence**

**Enhancing
Confidence**

**Improving
Credibility**



AFROSAI-E Governance Structure



AFROSAI-E member countries

Angola



Ghana



Mauritius



Seychelles



Swaziland



Botswana



Kenya



Mozambique



Sierra Leone



Tanzania



Ethiopia



Lesotho



Namibia



South Africa



Uganda



Eritrea



Liberia



Nigeria



South Sudan



Zambia



The Gambia



Malawi



Rwanda



Sudan



Zimbabwe



Somalia

CAPACITY BUILDING PROCESS

Secretariat

Identifying the needs of SAIs

- ISSAI's
- Gap analysis
- Annual self assessment (against ICBF)
- Quality Assurance Reviews (tri-annually)
- Feedback received from capacity building events

AFROSAI-E Annual Reports

- Integrated Report (Secretariat Activities)
- Activity Report (SAI's Progress)

5 year Corporate Plan

- Strategic Imperatives
- Operational Interventions

Annual Work Plan and Activities

SAI Performance

SAI Environment
Independent / Legal framework

SAI Capability
Under SAI's control

Inputs

- Strategy
- Core business
- Support services

Outputs

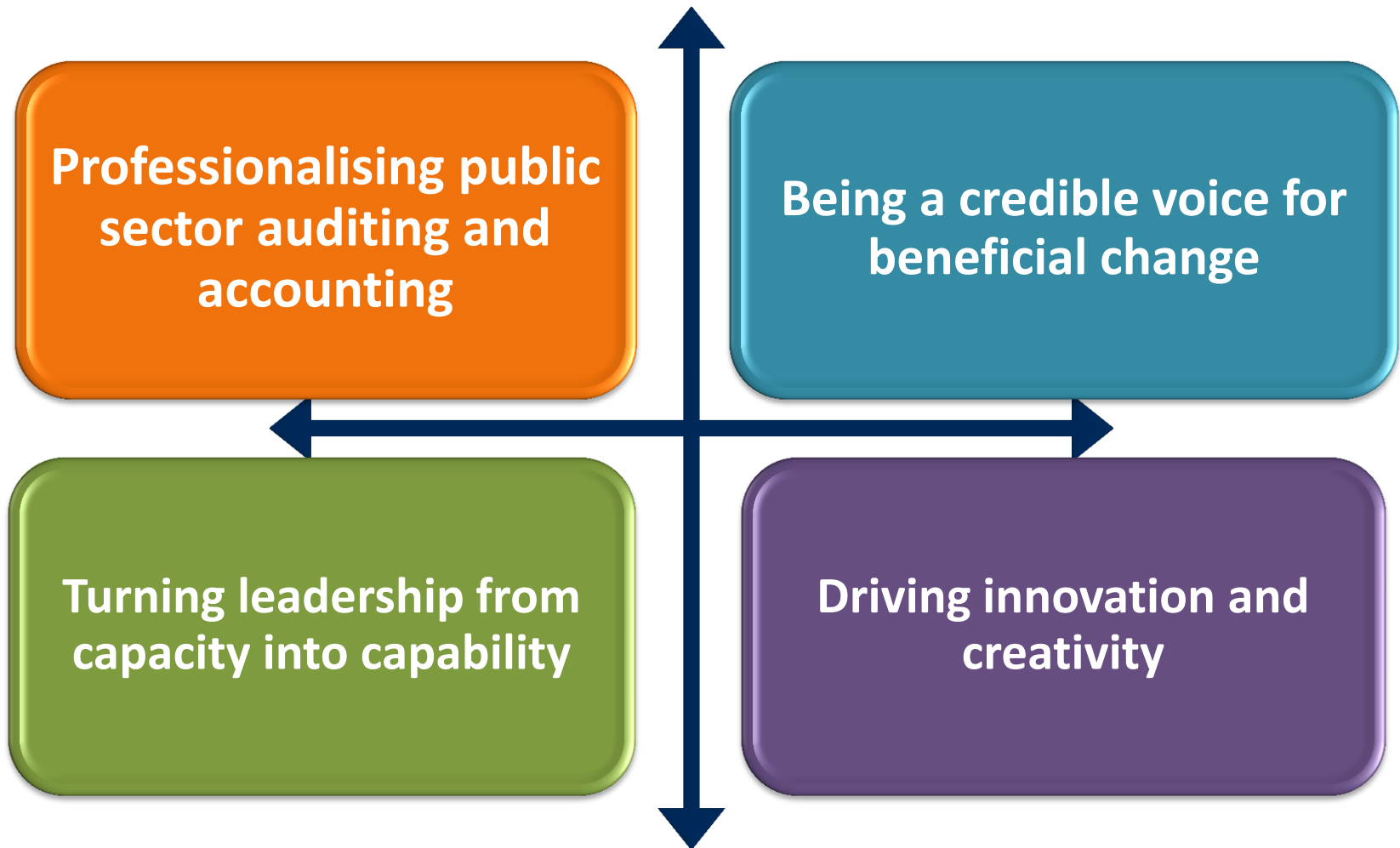
- Audit reports / judgements results
- Annual / other reports

Outcomes

- Strengthen accountability, transparency and integrity
- Demonstrate relevance
- Being a model organisation

Making a difference in the Performance of SAIs

2015 – 2019 STRATEGIC IMPERATIVES



ISSAI 12: Integrity as a pillar of credibility and independence

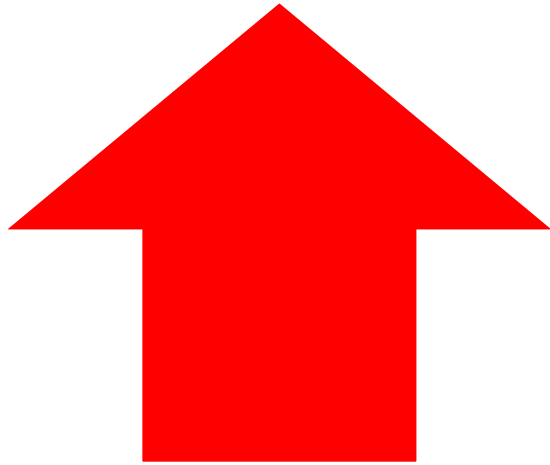
Strengthening the accountability, transparency and integrity of government and public entities

Demonstrating ongoing relevance to citizens and other stakeholders

Being model organisations through leading by example



Challenges in preventing & detecting Fraud and Corruption



**Illicit transfer of
Funds in Africa**



**The challenges of
detecting and
preventing fraud &
corruption**

Contribution of SAIs in the fight against Fraud and Corruption

Creating a climate of good governance

Fostering strong partnerships with state institutions such as the prosecution, police authorities and other bodies mandated to fight fraud & corruption

Agitating for support and enable the strengthening of the internal control environment of public sector institutions.

Purpose of Guideline

- The purpose of the guideline:
 1. To support SAIs in enhancing fraud prevention through auditing, and
 2. To support SAIs in handling indications on fraud, through a professional and constructive relationship between the SAI and the auditees as well as the law enforcement agencies.

In this way SAIs are contributing to the application of good governance in MDAs.

Development of the Guideline

**Guideline initiated by AFROSAI-E Secretariat
in cooperation with:**

1. SAIs of Tanzania,
2. SAI of Kenya
3. SAI of Zambia

Regional
experiences

4. The Netherlands Court of
Audit (NCA)
5. The Norwegian Court of Audit
6. Swedish National Audit Office

Institutional
Support

Structure of the Guideline

1. BACKGROUND TO FRAUD

- Defining Fraud
- Drivers of Fraud
- Impact of Fraud
- Applicable standards

2. PREREQUISITES AND ORGANISATION OF THE WORK IN THE SAIs WHEN FIGHTING FRAUD

- Good governance
- Accountability & transparency
- Performance Reporting
- IntoSAINT
- Risk Assessment

3. PREVENTIVE AUDIT APPROACHES ON FRAUD AND CORRUPTION

- COSO Approach
- Integrity Management
- Assessment of Integrity

4. ADDRESSING FRAUD AND CORRUPTION

- SAIs & all types of audit
- Audit Considerations

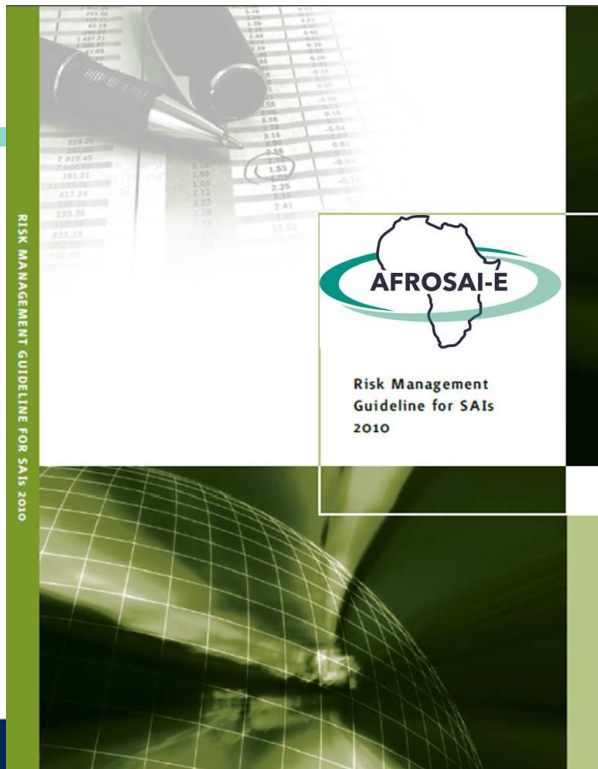
Related Guidelines developed



**GUIDELINE:
PREVENTING AND
DETECTING FRAUD AND
CORRUPTION**

NOVEMBER 2015

African Organisation of English-speaking Supreme Audit Institutions



**GUIDELINE:
FORENSIC AUDIT MANUAL**

NOVEMBER 2015

African Organisation of English-speaking Supreme Audit Institutions

AFROSAI-E Quality Assurance Model



The Preventive Approaches

- The IntoSAINT tool
- Detect and punish
 - National Integrity System
 - Integrity Management Control systems
- Preventive Approaches
 - National Integrity System
 - Integrity Management Control

Application of the Guideline

Fraud and corruption: Transversal Audit of Procurement



- *A Fraud and Corruption (F&C) Workshop was organised by AFROSAI-E from the 20th to the 24th April, 2015 in Johannesburg, South Africa.*
- *The workshop was focused on:*
 - *how to deal with Fraud and Corruption issues during the regularity audit process in line with the requirement of ISSAI 1240- "The auditor's responsibility relating to fraud in an audit of Financial Statements".*
 - *the role of the auditor in the prevention of fraud through the assessment of risk and associated internal controls and the conducting of transversal audits of integrity management in the government. This will give the SAIs a better understanding of risk; both on individual MDAs and system wide.*

Results of the Procurement Audit



- *Knowledge gained from the Fraud and Training workshop helped the SAI to plan the procurement audit.*
- *Findings included:*
 - *Internal Control weaknesses as potential sources of corruption;*
 - *Instances of fraud and corruption were brought to the attention of those in charge with governance;*
 - *Appropriate recommendations to management about how to address fraud and corrupt practices were provided.*

AUDIT SERVICE SIERRA LEONE

AUDIT SERVICE SIERRA LEONE

Looking Ahead – How we are assisting SAIs?

- Rolling out the Guideline in the region.
 - ✓ Cooperative audits in 2016 and ahead
- Supporting SAIs to establish robust integrity management control systems – leading by example
 - ✓ Conducting IntoSAINT workshop at the SAI level:
 - ✓ IntoSAINT workshops at seven SAIs in 2016
 - ✓ At least four workshops annually 2017-2019
- Assisting SAIs establish risk management frameworks at both the strategic and business levels.

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THANK YOU

