Lessons learned on building EI audit function & capacity

Presentation to the WGEI meeting
Manila 19 May 2019
Objective and purpose of this work

Objective:
• To identify the lessons learned and the key success factors to build and maintain a well-functioning EI audit capacity in a SAI.

Purpose: Provide learning for various stakeholders – throughout the process and in presenting the lessons learned
• Internal learning:
  • Reflecting upon own experience – grounds for future work
• External learning – for other SAIs:
  • Lessons on how to build EI audit capacity
  • Lessons on challenges in undertaking EI audits
  • Lessons on dialogue&communication with external stakeholders
Design of the work

• Focus groups with OAGU and OAGN staff involved in EI audits
• Interviews with key external stakeholders
• Document analysis:
  • EI Strategies
  • VFM Audit Reports
  • Annual reports financial audits (recommendations)
  • Relevant Laws, Regulations and Policies
  • Reports from external stakeholders documenting results and impact
• Input from AFROSAI-E, IDI and WGEI
• Input from other SAIs: Kenya, Sierra Leone and Myanmar
Lesson 1: Leadership – setting the tone at the top

• Leaders invest in training
• Leaders acquire specific knowledge – realisation of this need
• Continuous training – see the value of staying on top
• Tone at the top – support for EI
• Strategic thinking and organisational initiatives
  • EI strategy
  • EI sector task force
  • Database
  • Communication across teams
Lesson 2: Building specialised EI teams & competence

• Building capacity through specialised education
• Building competence through ensuring multidisciplinary teams – sustained over time
• On the job training through undertaking audits
• Auditors exchange information across audit types
• SORA process enables discussions across office
• Using the energy sector database for audit work
Lesson 3: Proactive and a model organisation

• Being proactive - starting early – when EI sector in exploration phase
• Staying ahead of other government entities
• Being a model organisation of dedicated EI work and build up of capacity/knowledge
• Developed a separate EI strategy and Energy sector task force
• High awareness of the importance of OAGU’s role in making a benefit to the citizens of Uganda through EI audits -> added value
Lesson 4: Developing in audit processes over time

• Risk analysis
  • More strategic over time (SORA process) -> Developed risk database
  • Improved understanding of risks over time
  • AFROSAI-E EI Value Chain template used

• Data collection
  • Increased understanding of OAGU’s role -> requiring more information from audited entities
  • Dialogue with URA
  • Dialogue with other parties (IOCs, audited entities)

• Reporting
  • Bringing together several entities in exit meetings
  • Sensitisation of Parliament and civil society organisations
Lesson 5: Exchange of experience and competence

• Benchmarking against other SAIs
• OAGU establishing and leading WGEI
• AFROSAI-E Guideline – participated in developing the first guideline
• Collaborative audits (AFROSAI-E)
• On the job training by OAGN
• Learning from providing technical support to other SAIs (Tanzania-VFM, Sierra Leone, Zambia, South Sudan)

• Learning through engaging with other SAIs
  • Through cooperation with e.g. other SAIs through AFROSAI-E, Sierra Leone, South Sudan, others?
  • Through IDI
Added value of OAGU’s work in Uganda

• Uganda to join EITI

• Improved practices
  • Increased compliance after audits by OAGU
  • Bringing together the different regulators and relevant ministries and departments in exit meetings -> joint understanding among entities
  • Helped URA to identify risks and undertake tax audits faster
    • Efficiency gains for URA due to information sharing w/OAGU
    • Higher quality tax audits (OAGU has identified risks)
  • Mining →
    • National content
    • Gaps identified in sand mining, action taken
    • AG asked for records of minerals, lead to concerted effort sharing information on exports
  • NEMA →
    • Oil and gas staff increase from 1 to 7, increased budgets
    • More attention to the importance of their work
    • More cooperation with other partners, improved NEMA’s consultative role
  • MEMD -> OAGU has identified areas that MEMD have not considered
    -> better understanding of project affected persons
Added value of OAGU’s work in Uganda

• New or improved regulation
  • FA report re. Petroleum Fund -> investment committee & framework
  • National Content → regulations (2016) and policy (2018), expedited changes
  • Drilling waste -> the audit helped to speed up the process of making regulations
  • Improvements in PAU’s mandate, systems and processes
  • Focus on regulations in general - e.g. work permits
  • Model PSA improved

• Media attention on PSAs -> public awareness of OAGU following up PSAs -> accountability

• Cost recovery
  • Amount of disputed/disallowed costs increased
  • IOC costs attempted to be recovered decreased over time
Added value to the SAI community

• Assisted other SAIs in building up audit capacity
  • Sierra Leone
  • South Sudan
  • Zambia
  • Tanzania

• Other countries (through WGEI)
Benefits of a lessons learned exercise

• A simple tool for learning and reflection on audit practice within one area or across office
• Enables the SAI to reflect upon own practice and may feed into risk assessment work
• Bottom-up and top-down at the same time
  • Enables staff to reflect upon practice over time together
  • Enables management to reflect upon strategic choices and practices
• Enables the SAI to collect external stakeholders’ perspectives
  • Their experiences in engaging with the SAI and
  • Their reflections on relevance of findings and recommendations -> risk analysis