



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