

## ZAMBIA: THE OFFICE OF THE AUDITOR-GENERAL IS DOING MORE CHECKING

- **WHY** Zambia has serious corruption problems and faces significant challenges in its efforts to develop a transparent, efficient system for the management of public funds. Substantial misappropriations have been revealed in the Ministry of Health, and the Zambian Office of the Auditor-General recently published a critical report on overspending by the National Road Fund Agency. Combating corruption is a difficult process when corruption has permeated every level of the political and administrative culture, but an important countermeasure is to strengthen watchdog institutions, in terms of both professional expertise and autonomy. The Zambian Office of the Auditor-General is one such institution. In the late 1990s, the office was struggling to deal with low staffing levels, the poor quality and limited scope of public service audits, several years of delay in submitting audit reports to the parliament and the lack of follow-up of audit comments.
  - **WHAT** Norway has supported the development of the capacity of the Zambian Office of the Auditor-General since 1997. The goals of this support have been to improve audit methods and expertise, increase audit capacity and improve reporting. This work has also been supported by the Netherlands. A multi-year programme of institutional cooperation was established with the Norwegian Office of the Auditor-General. Personnel from the latter institution have primarily provided advisory services during short-term stays in Zambia.
  - **HOW MUCH** Support for the institution in the past few years has totalled around NOK 6 million per year; the plan is to increase this support to NOK 12 million per year for the period 2010-2013. Since 2006, the Zambian Office of the Auditor-General has also received funding for office buildings, cars and computers through a joint donor programme for the development of the country's public financial management systems. Norway was one of the donors until 2009. The Zambian authorities increased the budget of the office of the Auditor-General from around NOK 10 million in 2004 to around NOK 65 million in 2008.
  - **RESULTS**<sup>5</sup> Efforts in the first part of the support period focused on strengthening professional expertise relating to auditing methods and the preparation of audit reports. The increase in capacity was limited. Since 2003, budget increases have made it possible to increase the number of employees from 250 to 450. The number of authorised auditors and accountants has risen from a handful
- to close to 70, all of Zambia's nine provinces now have their own audit offices, and specialised audit departments have been established for public sector auditing, environmental auditing and ICT. International auditing standards have been adopted, and handbooks and guidelines have been drawn up and are applied in all areas of work. The Zambian Office of the Auditor-General itself now provides advisory services through institutional cooperation with Liberia.
  - In the past few years, the annual audit reports to the parliament have been submitted in accordance with Zambian statutory requirements, i.e. within 12 months of the end of the accounting year. Before 2003, there were delays of two to three years. Regular public-sector audits cover approximately 70 per cent of public expenditure, as opposed to 20-30 per cent prior to 2003.
  - It is difficult to draw any clear-cut conclusion as to the effects of the increased capacity. The percentage of public spending in which management deficiencies have been noted in the annual audit reports to the parliament dropped sharply in the period 2004-2007, compared with the period 1998-2003. This indicates an improvement in control of public funds. Improved procedures for the follow-up of audit comments and parliamentary recommendations are required. Each year, the Ministry of Finance submits a formal reply to the recommendations of parliament, but there is little systematic reporting on whether and how the recommendations are followed up.
  - **LESSONS LEARNED** This cooperation has shown that a relatively long time-frame, usually more than ten years, is needed in order to achieve results. The authorities' higher prioritisation of the Office of the Auditor-General in the latter half of the period has had a decisive effect, in addition to the fact that technical assistance was followed up with substantial infrastructure support. The project has been coordinated with the authorities' strategic plans and implementation has been assigned to the line organisation in the Auditor-General's Office. No foreign advisors have worked on a full-time basis in an ordinary line function.

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5 "PEFA Report Zambia", June 2008.