



**Islamic Republic of
Afghanistan**



**Supreme Audit
Office**

Strategic Plan 2018-2022

Mid-term stock taking and Updates

2020

Table of Contents

Foreword by the Auditor General.....	3
Introduction.....	4
Vision.....	6
Mission	7
Core Values	8
Overview – SAO’s Strategic Plan (Updates 2020).....	11
Updated Goals, Objectives & Activities	13
Goal 1: SAO’s Mandate & Stakeholders’ Relationship.....	13
Goal 2: Institutional & Organisational Strength.....	18
Goal 3: Audit Coverage and Quality	22
Goal 4: Audit Process Automation & Audit in IT Environment	25
Goal 5: Effective and Accountable Administrative & Management Process.	27
Annexure 1: Stakeholders Mapping & Results of Stakeholders’ Analysis	31
Annexure 2 :SAO’s Organization Chart.....	36

Foreword by the Auditor General

The Supreme Audit Office (SAO) is implementing the Strategic Plan 2018-22. The plan represents a forward looking long-term strategy for five years. It is based on our mandate under the Audit Law, understanding of the emerging public financial reforms in the country, international standards and best practices, requirement of providing an independent, qualitative and effective public audit by the SAO and the expectations of the stakeholders, especially the executive, the National Assembly and the people at large as well as our development partners. As a partner in the FPIP initiative of the Government for fiscal performance improvement, the SAO is committed to contribute to its achievement and the SAO's Strategic Plan appropriately reflects our commitments.

As part of medium term stock-taking to assess the completion of the objectives and activities in 2018 – 2019, including those objectives and activities, which have either been overtaken by other developments or require re-orientation in the wake of recent developments, the SAO has reviewed the Strategic Plan 2018-22.

The foremost recent developments and initiatives, which have triggered the stock-taking and review, amongst others, include –

- Completion of the SAO's Functional Review in 2019 and recommendations for organisational and functional re-orientation;
- Completion of review exercise in 2019 of the Audit Law and proposal for amendments to align with good practices legal framework;
- Newly endorsed ISSAIs framework and the INTOSAI IPPF 2019 (we have also benefited from the IDI's Strategic Management Handbook March 2020 – Exposure Draft);
- Implementation of a new approach for capacity development and professionalisation of the SAO staffs with a multi-pronged strategy, including starting of SAO's Training & Professional Development Centre (TPDC) for annual course, adoption and implementation of SAO's Capacity Development Strategy & Plan 2019-22, etc;
- Focus to upscale SAO's effort in attaining self-reliance to undertake financial audit of the State owned Enterprises / Corporations (SoEs/SoCs), donors' grants projects, IS and FMIS systems in GoIRA agencies;
- Initiatives to strengthen SAO's internal governance, quality control & assurance, integrity framework, external audit of the SAO's statements of expenditure and budget compliance, external reporting through annual report, external review through peer review, etc.
- Need to review the available resource requirements, both financial and human resources, and prioritisation of the objectives and activities.
- Inputs and suggestions from the Swedish National Audit Office (SNAO) as a result of our request for their review of the SAO's strategic plan;

This document reflects the results of the stock-taking and the updated objectives and activities that the SAO shall pursue in the remaining period of 2020-22 of the strategic plan period with annual operational and departmental plans. I am sure, we shall be able to achieve our set goals and objectives and shall contribute to public sector accountability, transparency and good governance through quality public audit and audit reports.

Auditor General Afghanistan

Introduction

The purpose of this Strategic Plan document is to present a long-term strategy of five years of the Supreme Audit Office (SAO) for the period 2018-22. SAO has a long history of more than nine decades in auditing. However, auditing is a dynamic field and requires to be responsive to the changing environment, mandate and knowledge and skill requirements.

Supreme Audit Office (SAO), Afghanistan implemented its Strategic Plan 2013-17 and achieved certain level of progress in institutional and professional areas. In the past, SAO also participated in various activities and programmes of the INTOSAI, ASOSAI and IDI and gained from them including in professional and capacity building areas. Various capacity building cooperation of certain SAIs and resource support from the donor agencies have also contributed to the SAO's capacity building.

SAO's mandates, roles and responsibilities is defined and enshrined in the SAO Audit Law 2020. To meet the requirements of the Audit Law and as a member of the INTOSAI, SAO strives to achieve the goal of public audit in the country in a quality, effective and independent manner.

Presently, the Government of the Islamic Republic of Afghanistan (GoIRA) is implementing the Fiscal Policy Improvement Plan (FPIP) initiative, which is aiming at reforming and streamlining Public Financial Management (PFM) structures and help build more efficient systems within government capable of transparent delivery. Alongside, it also targets complementary civil service and other relevant reforms. The Afghanistan National Peace and Development Framework (ANPDF) and the National Priority Programmes (NPPs) provide the basis for the strategic direction for the plan.

SAO is partnering in the FPIP and has signed a Memorandum of Understanding (MoU) 2018. Accordingly, SAO has formulated and is implementing its 2018 FPIP plan and is committed to implement the plans for 2019 onward.

The existing legal basis in the form of the Audit Law 2020, SAO's participation in the activities and capacity building programmes of the INTOSAI/ASOSAI/IDI and benefitting from their guidelines and international best auditing practices, support of the donor agencies and cooperation of other SAIs to the SAO and past achievements of the SAO in capacity building and improving audit process are encouraging and provide basis for moving forward.

However, there are several challenges and threats that the SAO has to consider and improve upon to emerge as an effective public auditor and realise its mission and vision.

Firstly, the previous Audit Law, 2012 while providing a legal basis, is not found in line with the international standards, particularly the requirements of the INTOSAI best practices. The mandate of the SAO is limited in comparison with the international practices and poses challenges for it being an independent SAI. *As such, the SAO revised the Audit Law based on the requirements of INTOSAI best practices and focuses on achieving and securing independence in its financial and human resource management, functioning, audit process, scope and coverage of audit. The revised audit law is approved by the Cabinet and become effective based on Presidential Decree dated 5th March 2020 and submitted to the National Assembly for approval.*

Secondly, due to limitation in the mandate, the SAO's auditing quality and timelines have not been in line with the expectations of the stakeholders. The SAO's audit results have not fully addressed

the issues of corruption and serious lapses involving public money as well as the problems relating to efficiency of managing and using the State Budget, funds and assets. *As such, SAO needs to integrate in its audit process a deeper engagement for examination of corrupt and fraudulent activities in management of public finance and assets.*

Thirdly, lack of adequate attention by the management and executive in the budgetary agencies and the state owned enterprises and companies (SoEs) in establishing and effectively implementing internal controls and accounting and reporting frameworks and following up on the recommendations of audit have limited the role of the audit in accountability, transparency and good governance. For example, internal control systems in the budgetary agencies and the SoEs are either absent or ineffective; SoEs do not prepare and present their financial statements as per the applicable international financial reporting frameworks; Qatia statements as the financial statements of the GoIRA does not disclose any accounting policies and are not prepared as per international financial reporting framework; the budgetary agencies and the SoEs do not effectively follow up on the recommendations of audit. *As such, the SAO needs to strategize to meet such challenges and contribute in facilitating appropriate improvements in Government agencies.*

Fourthly, effective legislative oversight and scrutiny of the audit reports, especially by the legislature's Public Accounts Committee (PAC), is a *sine qua non* for effective applications of the results of audit for securing an accountable and transparent governance. Presently, the PAC takes up only the Qatia Audit Report. Audit Reports on the results of compliance and performance audits and other audits presented by the Auditor General are not being taken up for discussion and scrutiny by the PAC. *As such, SAO needs to sensitize the PAC and contribute in strengthening their capacity for effective legislative oversight and scrutiny to achieve effective audit follow up mechanism, both with the auditees and the legislature.*

Fifthly, SAO needs to increase coverage of performance audit including performance of government agencies, projects and performance in environmental, sustainable development, disaster management, public debt management areas; expand and deepen coverage of compliance audit by including areas of non-tax revenues, procurement and contract management, and audit of management information systems and applications in Government agencies and auditing in IT environment. *As such, SAO needs to appropriately include targets and strategies for their coverage and secure audit resources for achieving them.*

Sixthly, though SAO has relatively improved capacity of its staff with the support of in-house resources, cooperation of other SAIs and donor agencies as well as the INTOSAI/ASOSAI/IDI, audit professional knowledge, capacity and skill in using appropriate audit methodology, standards, tools and techniques are still wanting. Lack of adequate subject matter knowledge, audit skills and techniques, audit methodology and best auditing practices limit the SAO's goal to provide quality audit results. *As such, SAO needs to make short-term and long-term strategies for capacity building, professionalization and skill development of staff for quality audit results. One of the sustainable mechanism would be setting up an audit academy for regular and sustainable in-house capacity building.*

Seventhly, as a basis of quality audit and a framework for capacity-building in the best auditing practices, SAO is committed to apply the INTOSAI auditing standards (ISSAIs). Presently, SAO applies relevant ISSAIs Level 3 and is committed to adopt ISSAIs Level 4 guidelines and subject

specific Guidelines. *As such, the SAO needs to make strategy to adopt/adapt the best auditing practices through its audit policies, guidelines, manuals and procedures and build capacity for their absorption and application.*

Eighthly, as an important component of audit techniques and to ensure effective audit in IT environment, SAO is committed to encourage increased application of IT tools and techniques and implementation of an appropriate audit information management system. As such, SAO needs to make strategy for increased use of CAATs, implementation of audit information management system, set up an IT audit department for focused IT audit and taking up IT audit as part of all types of audit (financial, compliance and performance audits) and ensure adequate resources and capacity for the same.

Ninthly, SAO is committed to be an accountable, transparent and effective organisation. For this, it is committed to initiate and deepen its engagement with citizens in the audit process. Further, SAO is also committed to improve its administrative and management processes, internal controls and communication and self- and third-party assessments of its management and audit quality. As such, strategy for achieving these goals are to be part of a forward looking Strategic Plan.

In order to meet various limitations and achieve the Mission and Vision of the SAO, Strategic Plan 2018-22 has been prepared and revised in 2020. The Strategic Plan 2018-22 spells out SAO's vision, mission, core values, goals and objectives and identifies the activities and resources required to realize them. The critical areas of the SP include needs assessment, strategic planning, operational plan and monitoring & evaluation.

The Strategic Plan 2018-22 appropriately identifies and includes SAO's commitment for the FPIP reform agenda.

Vision

As public auditor and professional organization, to contribute to attainment of accountability and transparency in public resource management and towards achieving good governance in the country.

SAO is a part of INTOSAI (International Organization of Supreme Audit Organizations), an association of the supreme audit institutions of countries and is committed to adopt and follow international auditing standards and best practices. As per the international best practices, public auditor is set up as an independent organization from the executive and those who are responsible for managing public finance, service delivery, management and safeguarding public assets and operation of public affairs.

The independence of public auditor as the supreme audit institutions is established through either constitutional dispensation or separate legislative enactment. Independence of the public audit is required for carrying out audit impartially and without conflict of interest, professionally as per the requirements of the international best auditing practices and present the audit reports in an unbiased, credible and neutral manner. Such audit practices and reporting help the executive in better financial management and governance and the legislature in better scrutiny of the activities of the executive.

The existing Audit Law (2013) provides a legal basis for the mandate, scope and responsibilities of the SAO as country's public auditor. However, the provisions when compared with international best practices fall short of desirable standards as an independent supreme audit institution. Further, there are weaknesses in the overall institutional and public financial management systems in the Government agencies in terms of internal control system, accounting and financial reporting and compliance with applicable authorities and effective audit follow up, which affect realising the benefit of audit. Further, the SAO itself need to fill up the gaps in its capacity for providing and effective and qualitative audit process and results. Moreover, there is a need for a stronger legislative oversight and scrutiny by the PAC of the audit reports for achieving accountability and transparency in public resource management and towards achieving good governance in the country.

SAO is committed to contribute to these goals and facilitate better financial management, service delivery and safeguarding of public assets through its quality audit process and results, skilled and professional staff and international best auditing practices.

Mission

Conducting audit of public sector operations effectively in line with international auditing standards for facilitating optimum utilization of public resources and providing reasonable assurance to the stakeholders on accountability and transparency in government operations and performances.

In accordance with its vision and mission, SAO is committed to provide Parliament, Government, and, as necessary, the international community with quality audit report and assurance on the financial activities and control of State resources and operation of public administration. Transparent and responsive management of public money and public assets by the government will build confidence of the public.

The SAO has the responsibility to carry out the audit of the accounting and financial affairs and performance of the Government agencies. Commitments arising from the audits of the financial statements for World Bank Grants and also the financial statements of grants and loans provided by other international donors are being fulfilled by the SAO. These audit are undertaken by the SAO on an annual basis in accordance with international auditing standards and practice.

In order to promote accountable and transparent governance, help public sector institutions utilize public resources economically, efficiently and effectively and in compliance with budgetary, legal and other regulatory authorities and frameworks, SAO is committed to undertake audit and discharge its roles effectively by continuously upgrading capabilities and skills and by applying international best practices.

The SAO through its timely, relevant and impartial audit reports is committed to help the Government departments and agencies fulfill their roles in transparent and accountable manner. To promote this objective, the SAO is committed to carry out wider interaction with various stakeholders including the government and the donors and initiate wider citizens' participation.

Core Values

The SAO's core values state the organization's essential and enduring tenets. They constitute a set of guiding principles that have a profound impact on how management and staff at the SAO think and act while striving to achieve the organizational Vision and fulfill the Mission and Goals. Core values, besides the values specific to SAO, also reflect the Code of Ethics enunciated by the INTOSAI (ISSAI 30). Core values are statement of the values and principles, which shall guide the work of auditors in discharge of their professional obligations, their professional relationships with auditees and audit reporting.

Independence:

Independence from the audited entity and other outside interest groups is indispensable for auditors. SAO must avoid conflict of interest by upholding financial and operational independence from all the branches of Government and conduct professionally in a way that increases, and in no way, diminishes, their independence. Independence is an all pervasive value that informs the day-to-day work of the auditor and on which hinges the quality of the audit product. The independence of auditors should not be impaired by personal or external interests. Independence may be impaired, for example, by external pressure or influence on auditors; prejudices held by auditors about individuals representing or associated with the audited entities, projects or programmes; recent previous employment with the audited entity; or personal or financial dealings which might cause conflicts of loyalties or interests. Auditors should not use their official position for private purposes and should avoid relationships, which involve the risk of corruption or which may give rise to doubts about their objectivity and independence. Auditors have an obligation to refrain from becoming involved in matters of audit entity in which they have a vested interest. This is also the fulcrum of integrity, which the SAO considers as the next important value.

Integrity:

Integrity is the bedrock of all values. As an organization, SAO is committed to uphold the value and principle of integrity including honesty and candidness in audit. SAO is also committed to ensuring transparency and accountability and legality of its own operations. The auditors of the SAO are committed to the value of integrity in the course of their work and in their relationships with the staff of audited entities. In order to sustain public confidence and confidence of other stakeholders, the conduct of auditors should be above suspicion and reproach. Auditors should avoid all association with mischievous, false, unprofessional, misleading or fraudulent activities, including connivance with officials of the audited entity. Auditors are required to stay beyond suspicion of compromise and conflict of interest. Integrity also requires auditors to observe the principles of independence and objectivity, maintain standards of professional conduct, make decisions in the public interest in mind, and apply absolute honesty in carrying out their work and also in handling the resources of the SAO.

Competence & Professionalism:

Auditors have a duty to conduct themselves in a professional manner at all times and to apply high professional standards in carrying out their work to enable them to perform their duties competently and with impartiality. To meet professional responsibilities, SAO and its auditors are committed to continuously assess new developments in auditing methodologies, apply modern auditing techniques, tools and practices, and constantly seek to improve knowledge, skills and

capabilities. Auditors should exercise due professional care in conducting and supervising the audit and in preparing audit reports. Auditors should use methods and practices of the highest possible quality in their audits. In the conduct of the audit and issuing of reports, auditors have a duty to adhere to basic postulates and generally accepted auditing standards. Auditors have a continuous obligation to update and improve the skills required for the discharge of their professional responsibilities.

Confidentiality:

Confidentiality requires that auditors should not use information received in the performance of their duties as a means of securing personal benefit for themselves or for others. Neither should they divulge information, which would provide unfair or unreasonable advantage to other individuals or organizations, nor should they use such information as a means for harming others. They should not disclose information obtained in the auditing process to third parties, either orally or in writing or by any means, except for the purposes of meeting the SAO's statutory or other identified responsibilities and in public interest.

Cooperation:

Team work and working together defines the working methodology in the SAO. SAO as an external auditor is committed to collaborate with the stakeholders to meet our objectives. We believe that strong partnerships guarantee better results. We are confident that cooperation and team spirit are essential to success within the SAO and encouraging cooperation with the stakeholders is required for effective communication and balanced audit products.

Objectivity:

Objectivity is neutrality of auditor in field audit work and audit reporting. It is an important value for auditors. Auditors and audit staffs are required to be objective, neutral and impartial not only in fact but also in appearance. It requires that the audit work and audit reporting should be based on facts and valid documents and evidences as per professional judgments without personal interests or emotions. This requires auditors to be objective and impartial and behave without any conflict of interest or external pressure in dealing with the issues and topics under audit. Objectivity and neutrality also includes being politically neutral, actual or perceived. As such, objectivity as a core value and important code of ethics, which requires auditors to maintain professional relationship with auditee organisation, be neutral from any conflict of interest, and consider all relevant documents and evidences without being selective in audit conclusions and reporting. This helps audit report in its quality, value and acceptance by the stakeholders as credible and worth relying.

Credibility:

All the stakeholders, the legislative and/or executive authority, the general public and the audited entities as well as donor agencies expect the SAO's conduct and approach to be above suspicion and reproach and worthy of respect and trust. Credibility is trust and confidence in the SAO's audit process and audit product which is a result of objectivity and reliability. For credibility, it is essential that the reports and opinions of the SAO are considered to be thoroughly accurate and reliable by stakeholders.

Reliability:

Reliability involves being trustworthy and consistent in performing as per the quality and professional standards. Reliability is enhanced through objective audit process and audit reporting and by enhancing credibility. Reliable audit conclusions are result of executing field audit as per professional standards and audit plan and deriving audit conclusion through sufficient and appropriate audit evidences in objective and neutral manner. Reliability of audit report depends upon objective reporting.

Overview – SAO’s Strategic Plan (Updates 2020)

Vision

To be a model supreme audit institution and contribute to improved, accountable and transparent management of public resource through independent, credible, balanced and timely audit reporting.

Mission

Conducting audit of public sector operations effectively in line with international best auditing practices for facilitating optimum utilization of public resources and providing reasonable assurance to the stakeholders on accountability and transparency in government operations and performances.

Core Values

Integrity, Independence and Objectivity, Competence, Professional behaviour, Confidentiality and transparency.

Goal 1

To redefine the role of SAO to stakeholders through an appropriate and improved legal framework and strengthened relationship with stakeholders.

Goal 2

To undertake institutional and organizational development, professionalization of staff and capacity development.

Objectives

- 1.1 To have an approved revised legal basis for independent public audit in line with international best practices.
- 1.2 To have expanded, strengthened and effective relationship with all the stakeholders including through citizen’s participation in the audit process and improvement in SAO’s stakeholders’ communication.
- 1.3 To meet the donor’s benchmarks and the FPIP annual reform goals.
- 1.4 To have strengthened PAC’s capacity for effective legislative oversight and scrutiny of all types of the audit reports.
- 1.5 To have timely reporting and publication of audit reports and results.

Objectives

- 2.1 To have functional re-organisation, implement Human Resource strategy & Tashkeel structure through implementation of the recommendations of the functional review.
- 2.2 To improve the SAO Training and Professional Development Centre (TPDC) and to upgrade to an Audit Institute.
- 2.3 To progress capacity development and professionalisation of staffs including through updated capacity building strategy, robust procedure and systematized training programmes.
- 2.4 To have self-reliance in Grants and SoEs/SoCs audits.

Goal 3

To expand coverage of audit and enhance quality and effectiveness of audit.

Objectives

- 3.1 To have expanded coverage of performance audit, compliance audit, SOEs/SoCs financial audit, Public Works audit, assessment of internal audit function in public sector and IS Audit with strategised allocation of resources.
- 3.2 To implement good auditing practices by adopting ISSAIs Levels – 3 & 4 through appropriate guidelines / manuals / toolkits to ensure quality of audit.
- 3.3 To have strengthened and improved quality control and quality assurance of the audit process and audit products.
- 3.4 To have effective audit follow up with legislature and establish effective reporting mechanism.

Goal 4

To automate audit process, increase the use of IT Tools & Techniques in audit and conduct audit in IT environment.

Objectives

- 4.1 To implement audit management information system (AMIS) for automated audit process.
- 4.2 To increase application of IT tools and Computer Assisted Audit Tools & Techniques (CAATS) in audit process.
- 4.3 To integrate IS audit component in other types of audit (financial, compliance and performance audits) and facilitate audit in IT/IS environment.

Goal 5

To implement effective and accountable administrative and management process in the SAO.

Objectives

- 5.1 To have strengthened and improved budgeting, budget utilization, accounting and reporting based on international good practices and national requirements.
- 5.2 To have SAO's quality of performance reviewed and reports published including audited SAO's annual statements of expenditure and budget compliance as per good practices international standards.
- 5.3 To have strong and effective computer based management systems for asset, HR, training and examination established.
- 5.4 To have strong and effective result based staff performance appraisal system established.
- 5.5 To have SAO-wide effective internal governance system including internal control system.

Updated Goals, Objectives & Activities

Goal 1: SAO's Mandate & Stakeholders' Relationship

Goal 1: To redefine the role of SAO to stakeholders through an appropriate and improved legal framework and strengthened relationship with stakeholders.

Objective 1.1: To have an approved revised legal basis (revised audit law) for independent public audit in line with international best practices.

Activity	Performance Measure	Baseline	Target date / period	Resources	Measure owner
1.1.1 Follow up for approval of the amended Audit Law with the authorities / National Assembly and implement the mandate.	Audit Law approved by the Legislature.	Audit Law approved by the Cabinet / the President.	SAO Law Approved by the National Assembly by March 2021.	SAO / Internal	Legal Advisor.
1.1.2 Pursue with donors to designate submission of the draft revised Audit Law by the competent authority in the Government to the National Assembly as a benchmark and seek incentive under the ARTF/SRBC.	Designation of submission of the President approved Law to the National Assembly as donors' incentive benchmark.	Nil	Submission of the Audit Law approved by the President to the Assembly at the earliest (say within one month) and its designation as benchmark by the donors within one month of the submission.	SAO / Internal	Legal Advisor.

Objective 1.2: To have expanded, strengthened and effective relationship with all the stakeholders including through citizen's participation in the audit process and improvement in SAO's stakeholders' communication.

Activity	Performance Measure	Baseline	Target date / period	Resources	Measure owner
1.2.1 Provide briefs, communication and oversight support to the National Assembly and the President Office on submitted audit reports to achieve effective follow up and action taken by the executive and legislative scrutiny by the appropriate legislative committee(s) on the audit reports.	Briefs, notes, explanations and additional inputs on all audit reports submitted to the President / the National Assembly – PAC.	Briefs, notes, explanations on Qatia and compliance audit reports to the President and on Qatia audit report to PAC.	Within two weeks of submission of the reports / at the time of legislative scrutiny.	Internal / SAO	Qatia Audit Directorate / Audit follow up & Reporting Directorate.
1.2.2 Maintain continuous communication and follow up with the audit entities for their response and action taken on audit observations and recommendations contained in audit reports / inspection reports.	First time and follow up letters written every two months for providing status of implementation of observations	Pre-existing practice of communication .	With audited entity – every two months or as warranted.	Internal / SAO	Audit Follow up & Reporting Directorate.

Activity	Performance Measure	Baseline	Target date / period	Resources	Measure owner
	and recommendations.				
1.2.3 Register and ensure participation of CSOs in the performance audit planning and execution process every year and hold workshops and seminars for their sensitization and awareness.	Existing or increased number of CSOs are registered annually and CSOs literacy programmes held.	Four CSOs registered for 2019.	Register at least five CSOs for every year at the start of the year and hold at least three workshops every four months.	Internal / SAO	Public participation Dept. and Performance Audit Directorate.
1.2.4 Obtain inputs and suggestions from CSOs for performance audit planning and in execution and include related audit results in audit reporting.	Written / minuted inputs from CSOs. Audit reported included results relevant to CSOs.	Pre-existing practice.	Inputs from all CSOs who are involved in the audit process collected for audit planning at least 2 weeks before the start of the audit and their comments included in audit reports before the draft report is submitted to the management.	Internal / SAO	Public participation Dept. and Performance Audit Directorate.
1.2.5 Forward all suspected cases of fraud, illegal activities or embezzlements to the Attorney General Office (AGO) and other related agencies, hold quarterly/periodic meetings with them to exchange information and follow up on actionable issues.	All cases of fraud and embezzlement identified in audit recorded and duly forwarded to the AGO. Quarterly meetings on follow up of the cases held with the AGO.	Pre-existing practice.	Forward all cases of fraud, embezzlement and illegal activities to AGO at least within one month of the case is identified and facilitate periodic meeting with them every year at least 4 meetings, one each quarter.	Internal / SAO	Legal Advisor
1.2.6 Regularly update the SAO website and ensure availability of relevant information and increase SAO's visibility through public and social media.	SAO website updating and publication coverage policy adopted. All audit reports and relevant information published on website and released to public in timely manner.	Pre-existing practice.	Update the SAO website and every day or at least every week during the year and provide the information on the basis of Access to information law.	Internal / SAO	Chief of staff

Activity	Performance Measure	Baseline	Target date / period	Resources	Measure owner
1.2.7 Participate in INTOSAI process by formalising MoUs for cooperation with other SAIs, participation in INTOSAI and its regional forum including seeking membership of the board and committee and participation in cooperative/parallel/joint audit with other SAIs / ASOSAI/IDI/ASOSAI/ECOSAI.	Membership of the INTOSAI Board / Forums applied for / obtained. SAO participated in meetings / processes of the INTOSAI & its forums. MoUs with other SAIs negotiated / formalised.	Membership of INTOSAI / ASOSAI / CBC / WGITA / ECOSAI. Participation in INTOSAI / forum meetings. Existing MoUs with four SAIs.	Participating in INTOSAI and related agencies meetings and other processes during each year as when held and required.	Internal / SAO	Chief of Staff. Relevant audit directorate.
1.2.8 Improve and implement the SAO's stakeholder's communication strategy.	Revised / updated strategy and implementation plans	Pre-existing strategy and annual action plan 2019	Update and implement stakeholder's communication strategy in the month of January of each year.	SAO / Internal	Chief of Staff

Objective 1.3: To meet donor's benchmarks and the FPIP annual reform goals.

Activity	Performance Measure	Baseline	Target date / period	Resources	Measure owner
1.3.1 Review and revise the annual rolling plans for the FPIP initiative for the relevant year based on continuing, pending areas and fresh priority areas and upload the plan as per target on the APMIS.	Reviewed / updated annual plan uploaded on APMIS as per stipulated date.	Annual plan for 2019.	Date specified by the PMT-MoF or latest before end of third week of December each year.	SAO / Internal	Policy & Plan Directorate / FPIP Committee
1.3.2 Oversee implementation of the plan (quarterly, six-monthly and annual), ensure self-assessment as per the requirements applying the APMIS portal of the Ministry of Finance and participate in the final evaluation by the designated evaluation team of the PMT/MoF.	Six monthly self-assessment in APMIS. External evaluation by PMT.	2019 Annual external assessment.	Quarterly and six-monthly monitoring of the implementation of FPIP for 2020-2022 every year. Self-assessment and facilitate external validation of FPIP at the end of the year as per the date specified by the PMT-MoF	SAO / PMT	Policy & Plan Directorate / FPIP Committee
1.3.3 Monitor and ensure that all the benchmarks of the World Bank's FSP and the EU-SRBC (2020-22) relating to the SAO are met and reported in timely manner and the related incentive amounts are provided by the donors to the GoIRA.	FSP / SRBC benchmark targets.	2019 targets.	As per the target under the WB-FSP/EU-SRBC.	SAO / FSP / SRBC	Policy & Plan Directorate / Respective Directorates & Dept.

Objective 1.4: To have strengthened PAC's capacity for effective legislative oversight and scrutiny of all types of the audit reports.

Activity	Performance Measure	Baseline	Target date / period	Resources	Measure owner
1.4.1 Organise orientation and sensitization meetings, workshops, presentation and experience-sharing international exposure visits for the PAC and its Secretariat to explain and impress upon the importance of different types of audit and contents of these audit reports for timely scrutiny of all types of audit reports.	Orientation and sensitization programmes and international visits organised.	2019 programmes. International exposure visit in 2016.	Organize at least one workshop every year / target as per convenience of the PAC members and the visiting SAI/PAC.	SAO / FSP.	Qatia Audit Directorate
1.4.2 Provide summaries, memorandum of important audit (MIPs) observations and recommendations and required inputs for use by them during their examination of the audit reports.	Summaries and MIPs on all audit reports provided to PAC for examination of audit reports.	Summaries / inputs only for Qatia audit.	Provide summaries for each time of audit report after submission to parliament and within 2 weeks of submission as well as at the time of scrutiny.	SAO / Internal	Qatia Audit / Performance Audit / Audit Follow up and Reporting Directorate.
1.4.3 Designate a focal point / expert in the SAO for regular relationship with the legislature and the PAC and for providing timely inputs and assistance to the PAC and its Secretariat.	Focal point / expert for coordination and inputs for all types of report appointed.	Qatia audit report focal point.	Designate at least one focal point in 2020 / at the start of the year.	SAO / Internal	Qatia Audit Directorate

Objective 1.5 To have timely reporting and publication of audit reports and results.

Activity	Performance Measure	Baseline	Target date / period	Resources	Measure owner
1.5.1 Finalise audit reports (financial audit, compliance audit and performance audit) in a time-bound manner and submit to the National Assembly and the President as per statutory time period for Qatia audit report / within good practice time period after finalisation for other reports.	Qatia Audit Report - submitted within time as per legal requirement, i.e. within 6 months of the end of the previous year. Performance audit - submitted within 15 days of completion of audit.	Qatia audit report – within legally required time. Performance audit – different time period including more than 15 days. Compliance – more than 6 months.	Qatia audit report – within six months of the end of the previous financial year (constitutional requirement); Performance audit report – within 15 days of completion of the audit (SAI-PMF criteria); Compliance audit report – within 6	SAO / internal	Respective Directorates / Qatia Audit and parliamentary Relations Directorate/ Audit Follow up and Reporting Directorate.

	Compliance audit – submitted within 6 months from the end of the period to which the audit relates.		months from the end of the period to which the audit relates (SAI-PMF criteria).		
1.5.2 Make the audit reports including Citizens’ Audit Reports publicly available through the website and other media at the earliest after their submission.	All audit reports – published within 15 days after the SAO is permitted to publish.	No uniform practice / not all reports available at website. No Citizen Audit Report.	Publish all audit reports including citizen audit reports at the SAO website within 15 days after the SAO is permitted to publish (that is after submission to legislature and the President) (SAI-PMF criteria)	SAO / Internal	Respective Directorates / Chief of Staff.

Goal 2: Institutional & Organisational Strength

Goal 2: To undertake institutional and organizational development, professionalization of staff and capacity development.

Objective 2.1: To have functional re-organisation, implement Human Resource strategy & Tashkeel structure through implementation of the recommendations of the functional review.

Activity	Performance Measure	Baseline	Target date / period	Resources	Measure owner
2.1.1 Review the recommendations of functional review and restructure the Tashkeel based on the FR recommendations.	Restructured Tashkeel. Forensic Audit unit. Emerging areas audit Dept / Directorate	Pre-functional review tashkeel. No Forensic Audit. No emerging areas audit.	Review and approval of new Tashkeel process completed by first quarter of 2020.	SAO / IARCSC FSP (forensic audit consultant)/	Director (HR).
2.1.2 Seek and obtain approval of the Civil Service Commission and the competent authority in the Government for the Cadre regulation and including the key positions in Taghir scheme.	IARCSC approval for Taghir positions / cadre and incentive based structure /positions.	Existing Taghir position. No cadre or incentive based positions.	At the earliest but latest by end of 2020.	SAO / IARCSC	Director (HR).
2.1.3 Develop a special recruitment Mechanism for SAO	Recruitment Mechanism Developed.	No Recruitment Mechanism.	Latest by the end of 2020.	SAO / IARCSC	Director (HR).
2.1.4 Review, update and implement the HR Strategy as per the requirement of the functional review recommendations and the revised strategic plan as well as recent developments.	Reviewed and updated HR strategy implemented.	Existing HR strategy	Latest within six months of the finalisation of the functional review recommendations.	SAO / IARCSC	Director (HR).

Objective 2.2: To improve the SAO Training and Professional Development Centre (TPDC) and to upgrade to an Audit Institute.

Activity	Performance Measure	Baseline	Target date / period	Resources	Measure owner
2.2.1 Review the TPDC set up and the syllabus in association with a professional body and with the support of an International Expert including to align with the INTOSAI / IDI Competency Framework (to be issued).	Reviewed TPDC set up and syllabus.	Existing set up and syllabus.	Latest by January 2020 subject to the competency framework when issued by the IDI.	SAO / Donors (WB/EU)	Professional Development Directorate.

Activity	Performance Measure	Baseline	Target date / period	Resources	Measure owner
2.2.2 Prepare a conceptual / technical proposal for upgrading the TPDC to an Audit Institute including courses, professional certification or diploma including integration of existing courses and facilitation and coordination for internationally recognised certification of the SAO staff in ACCA, FIA, CIA, CISA, PMP, PFM & IPSAS Diploma / Certificates, etc.	Conceptual / technical proposal for Audit Institute.	Conceptual / background paper for TPDC & existing courses.	Latest by January 2021.	SAO	Professional Development Directorate.
2.2.3 Identify academic and infrastructural requirements along with cost estimate including for land and other facilities and get allotment of land.	Academic and infrastructural requirements identified and cost estimate made.	Nil	Latest by June 2021.	SAO	Professional Development Directorate / Director Public Work Audit/Finance Directorate.
2.2.4 Seek approval of the relevant Government agencies for establishment of the academy, its courses, organisational structure, staffing, infrastructure and budgetary provisions (MoF, MoHE, IARCSC and higher competent authority).	Necessary required approvals obtained.	Nil	Latest by December 2021.	SAO	Professional Development Directorate..
2.2.5 Finalize the architecture and design of the building and other related infrastructure.	Finalised architecture, design and infrastructure.	Nil	Latest by June 2022.	SAO	Professional Development Directorate. /Public Work Audit.
2.2.6 Construction of building and completion of other requirements and starting the Academy. [This may be kept for the next strategic plan, unless the existing infrastructure are to be used for it]	x	X	X	X	X

Objective 2.3: To progress capacity development and professionalisation of staffs including through updated capacity building strategy, robust procedure and systematized training programmes.

Activity	Performance Measure	Baseline	Target date / period	Resources	Measure owner
2.3.1 Review and update capacity building strategy and plan taking into account recent development and requirements and develop 3 year rolling plan for capacity development and professionalisation.	Reviewed and updated capacity building strategy and plan.	Existing capacity building strategy and plan 2019-22.	Review and update capacity building plan every year and develop three years rolling plan in 2020, latest by June 2020.	SAO	Professional Development Directorate.
2.3.2 Implement Capacity Development and Professionalisation Plan.	Capacity building and Professionalisation Procedure implemented.	Capacity Development Plan of 2019.	Implement the plan by end of 2020.	SAO	Professional Development Directorate.
2.3.3 Systemise and balance between short term and long term training programmes and organise the short term trainings / CPE programmes in-house and through other SAIs.	Short- & Long-term training programmes systematized and organised.	Existing training programmes	Organize at least 13 short term training program every year, in house and through other SAIs.	SAO / other SAIs with MoU.	Professional Development Directorate & Chief of Staff
2.3.4 Conduct training needs assessment (TNA) annually at Directorate level considering existing issues and ISSAI- based competence and identify low capacity audit staff for capacity improvement as well as shifting to support functions.	TNA conducted annually at Directorate level and consolidated.	Latest TNA (2019)	Conduct TNA of all staff every year latest by March of the year.	SAO	Professional Development Directorate / respective Directors.

Objective 2.4: To have self-reliance in Grants and SoEs/SoCs audits.

Activity	Performance Measure	Baseline	Target date / period	Resources	Measure owner
2.4.1 Identify and dedicate SAO staffs, and through training and certification, create a pool of financial auditors.	Staff identified, trained / certified and financial auditors' pool created.	Existing trained or semi-trained staff.	Develop capacity for financial audit every year.	SAO / Govt. budget / WB-FSP support	Professional Development Directorate.
2.4.2 Directly recruit already qualified personnel (ACCA/FIA, etc.) and allocate staff certified at the TPDC for financial audit.	Qualified staff recruited / TPDC certified staff allocated.	Existing trained or semi-trained staff / certified recruited staff.	Train at least 10-15 auditors of financial audit in TPDC every year.	SAO / IARCSC	Director (HR) Professional Development Directorate.

Goal 3: Audit Coverage and Quality

Goal 3: To expand coverage of audit and enhance quality and effectiveness of audits.

Objective 3.1: To have expanded coverage of performance audit, compliance audit, SOEs/SoCs financial audit, Public Works audit, assessment of internal audit function in public sector and IS Audit with prioritised allocation of resources.

Activity	Performance Measure	Baseline	Target date / period	Resources	Measure owner
3.1.1 Prioritise resources and undertake increased number of performance audits vis-à-vis the baseline.	Increased number of performance audits as per priority.	Seven performance audits in 2019.	Number of performance audits more than baseline each year.	SAO	Director (Performance Audit)
3.1.2 Pursue with SOEs/SoCs for preparation and presentation of their financial statements, prioritise and undertake their audit with progressive coverage annually, at least 10 SoEs/SoCs each year.	SoEs / SoCs financial statements received and audit report on at least 10 FS provided within 6 months from receipt of the financial statements.	Three SoE/SoCs financial audits in 2019.	Number of performance audits more than baseline each year. For 2020, 10 audits.	SAO	Director (SoE / SoC Audit)
3.1.3 Prioritise, plan and cover areas not yet fully covered in the compliance audit vis-à-vis non-tax revenues, procurement, assessment of internal controls, etc and re-orient focus in functional and sectoral terms.	Partially or not covered areas audited and results included in audit reports.	Nil	Audit area which are not covered yet before in 2020 and 2021.	SAO	Director (Policy and Plan) / Respective compliance audit Directors
3.1.4 Prioritise and expand coverage of audit of IS systems, MIS systems and applications used by the government agencies.	Increased number of IS system audit conducted.	Number of audits conducted in 2019.	Expand coverage of IT/IS audit every year vis a vis baseline, for 2020 it is 30 entities.	SAO	Director (IS Audit).
3.1.5 Re-orient the construction audit towards public works audit and expand audit to cover all public utilities, infrastructure and constructions (civil, mechanical and electrical).	Construction audit directorate restructured. Audit of all type of public works covered in audit.	Exiting practice of auditing / inspecting civil works.	Expand the coverage vis a vis baseline (150 in 2019)	SAO	Director (public Work Audit)
3.1.6 Strategise, progressively plan and undertake audit of emerging areas – forensic audit, disaster management and related expenditure including relief-aid, debt management, areas requiring forensic audit, public-private partnership, SDGs, as well as assessment of internal audit function in public sector, etc.	Emerging areas audit planned and executed.	Nil	Start audit of emerging areas e.g. forensic audit in 2020.	SAO	Forensic Audit and Performance Audit Directorate.

Objective 3.2: To implement good auditing practices by adopting ISSAIs Levels – 3 & 4 through appropriate guidelines / manuals / toolkits to ensure quality of audit.

Activity	Performance Measure	Baseline	Target date / period	Resources	Measure owner
3.2.1 Adopt ISSAIs and conduct all types of audits as per the ISSAIs (INTOSAI IPPF 2019) levels 3 and 4 (principles and standards).	ISSAIs level 3 and 4 based audit conducted.	Existing practice / SAI-PMF assessment 2017.	Conduct Performance audit, Financial audit, IT audit and compliance audit as per ISSAI level III & IV in 2020-21.	SAO	Methodology Committee / All Respective Directorates.
3.2.2 Implement the manuals and practice guidelines, audit working papers / toolkits and checklists based on the ISSAIs / ISSAIs Implementation Handbooks and good practices for all types of audit and review and update them including for revenue audit, IS audit, SoE/SoC financial audit and performance audit as per their respective strategic plans.	Manuals, AWP, Toolkits prepared and implemented.	Existing practices.	Prepare strategy for implementation of ISSAI standards by the end of 2020.	SAO	Methodology Committee / All Respective Directorates.
3.2.3 Continuously assess the evolving audit approach and methodology and tools and techniques of audit through the Professional Development Directorate and the Audit Methodology Committee (AMC) and integrate them in audit process.	Reviewed / updated manuals, AWP, Toolkits available.	Existing manuals / AWP / toolkits.	Assess and update the audit approaches and methodology based on ISSAI for all types of audit every year.	SAO	Methodology Committee / Professional Development Directorate/ All Respective Directorates.

Objective 3.3: To have strengthened and improved quality control and quality assurance of the audit process and audit products.

Activity	Performance Measure	Baseline	Target date / period	Resources	Measure owner
3.3.1 Implement a robust quality control and quality assurance system for the audit process of all types of audit of the SAO based on ISSAI 140 Quality Control for SAIs.	SAO's Quality Control and Quality Assurance System (QCQAS).	Existing manual / guidelines.	Implement quality assurance and quality control system for all types of audit by 2021.	SAO / EU-SRBC	Director (IA&QC)
3.3.2 Ensure quality control of audit process through supervision by respective audit directorates and audit team leaders and report.	Supervision of audit conducted by Directorates and report submitted.	Existing practice.	Prepare mechanism of quality control and monitoring the audit team and draft report for all types of audit	SAO	Respective Directors.

Activity	Performance Measure	Baseline	Target date / period	Resources	Measure owner
			by the end of 2020.		
3.3.3 Ensure quality assurance review of audit process / audit reports through quality assurance directorate directly reporting to the Auditor General.	Quality assurance review (QAR) conducted (Hot & cold) and report submitted.	Selective hot review.	QAR 20 completed audit report by the end 2020.	SAO	Director (IA&QC)
3.3.4 Formulate and implement integrity and anti-corruption strategy and procedures and facilitate implementation of SAO Code of Ethics (ISSAI 130) for auditors and progressively adopt and implement INTOSAI IntoSAINT.	Integrity and anti-corruption strategy and procedures implemented.	Nil	By the end of 2020.	SAO / EU-SRBC	Director (IA&QC)

Objective 3.4: To have effective audit follow up with the legislature and report the status.

Activity	Performance Measure	Baseline	Target date / period	Resource	Measure owner
3.4.1 Implement a follow up mechanism for an effective follow up with PAC / Financial Committees and Legislature for Qatia Audit Report, Compliance Audit Reports, Performance Audit Reports and other Audit Reports of the Auditor General for follow up on audit findings and recommendations.	Follow up mechanism for all types of audit with legislature / Committees implemented.	Mechanism only for Qatia Audit.	By June 2020.	SAO	Qatia Audit Directorate.
3.4.2 Implement a standard monitoring system including database for audit reports' and those scrutinized by the PAC, their recommendations and the action taken by the Government thereon.	Standard follow up monitoring system.	Exiting excel based monitoring system for following up audit auditees only.	Upgraded system by end of 2020. AMIS implemented by end of 2020.	SAO	Audit Follow Up and Reporting Directorate.
3.4.3 Report the status of implementation of the audit findings / recommendations.	Status of action taken on audit reports / findings / recommendations reported publicly.	Nil	Six monthly report submitted to Auditor General and other related authorities / Follow up status included in respective audit reports.	SAO	Audit Follow Up and Reporting Directorate.

Goal 4: Audit Process Automation & Audit in IT Environment

Goal 4: To automate audit process, increase the use of IT Tools & Techniques in audit and conduct audit in IT environment.

Objective 4.1: To implement audit management information system (AMIS) for automated audit process.

Activity	Performance Measure	Baseline	Target date / period	Resources	Measure owner
4.1.1 Based on the mutually agreed Standard Procurement Document (SPD) between the SAO, the NPA and the World Bank for the procurement of AMIS with CAATs, and as per the prevailing GoIRA policy for setting up of automated systems, complete the AMIS procurement process.	AMIS procurement process completed.	No AMIS	By the end of June 2021.	SAO / WB-FSP (coordination with NPA/WB/NSIA)	Director (IS Audit) / Director IT/Head Procurement
4.1.2 Complete the installation, pilot run and implementation of the AMIS with CAATs within the period required under the SPD.	AMIS implemented.	No AMIS	By the end of Dec 2022.	SAO / WB-FSP (coordination with NPA/WB/NSIA)	Director (IS Audit) / Director IT/Head Procurement

Objective 4.2: To increased application of IT tools and Computer Assisted Audit Tools & Techniques (CAATS) in audit process.

Activity	Performance Measure	Baseline	Target date / period	Resources	Measure owner
4.2.1 Develop and apply standard operating procedures (SOPs) and protocol for application of CAATs and audit in IT environment for all types of audits including for risk assessment, data extraction from FMISs (e.g., AFMIS, SIGTAS, ASYCUDA, HRMIS, VAT system) and sampling and evidence gathering and data visualisation and reporting.	CAATS SoPs / protocol document / user manual.	Nil	By the end of December 2020.	SAO	Director (IS Audit)
4.2.2 Include the details of application of CAATs in the audit process in the audit plan document and prepare and maintain audit working paper for this.	Application of CAATs included in respective planning memos.	Nil	For each audit engagement as per schedule.	SAO	Respective Directorates / IS Audit Directorate)

Objective 4.3: To integrate IS audit component in other types of audit (financial, compliance and performance audits) and facilitate audit in IT/IS environment.

Activity	Performance Measure	Baseline	Target date / period	Resources	Measure owner
4.3.1 Facilitate and ensure audit in IT environment and by application of IT tools/CAATs and document the same through audit plan and audit working papers.	Assessment of IT system / IS integrated in financial, compliance and performance audits.	Integrated Audit conducted in 2019.	By the end of December 2020.	SAO	Respective Directorates / IS Audit Directorate)
4.3.2 Implement protocol for an integrated approach of assessing IT systems and their controls while undertaking different types of audit (financial, compliance and performance).	Protocol integrated. for	Nil	By the end of December 2020.	SAO	IS Audit Directorate)
4.3.3 Plan that audit in IT environment adequately ensures that – (a) relevant IS system(s)/ databases are covered during audit; (b) auditors appropriately examine and benefit from an independently conducted IT audit and identify the risks for a particular type of audit and use it in their audit; (c) CAATs and IT tools are applied for audit of all types at different stages for planning, analysis and reporting.	Audit in IT environment adequately covered relevant areas.	Integrated Audit conducted in 2019.	By the end of December 2020.	SAO	Respective Directorates IS Audit Directorate)
4.3.4 Associate IT auditor / IT audit skilled personnel to cooperate with audit teams conducting financial, compliance and performance audit.	IT auditor included in audit teams covering Assessment of IT system / IS.	Integrated Audit conducted in 2019.	For each audit engagement as per schedule.	SAO	Respective Directorates IS Audit Directorate)/ Director Policy and Plan.

Goal 5: Effective and Accountable Administrative & Management Process.

Goal 5: To implement effective and accountable administrative and management process in the SAO.

Objective 5.1: To have strengthened and improved budgeting, budget utilization, accounting and reporting based on international good practices and national requirements.

Activity	Performance Measure	Baseline	Target date / period	Resources	Measure owner
5.1.1 Put in place standard operating procedure and timelines for expenditure management and budget utilisation by way of processing payments in a time-bound manner.	SOP	Nil	By first quarter of 2020.	SAO	Director (Admin and Finance)
5.1.2 Ensure regular monitoring of the budget implementation by a designated review committee and take remedial and preventive actions to avoid budget variance.	Monthly or at least quarterly meeting of the review committee held and recommendations minuted and implemented.	Existing practice.	Monthly / quarterly Internal budget review by the committee	SAO	Director (Admin and Finance) / Review Committee

Objective 5.2: To have SAO's quality of performance reviewed and reports published including audited SAO's annual statements of expenditure and budget compliance as per good practices international standards.

Activity	Performance Measure	Baseline	Target date / period	Resources	Measure owner
5.2.1 Prepare the SAO's annual statements of expenditure and budget compliance (Qatia statements for operating and developmental Qatia) within a maximum of 3 months after the end of the previous fiscal year by adopting the accounting principles and policies as per Cash Basis IPSAS.	SAO's SoE and budget compliance statement prepared as per good practices.	Existing Qatia statements	Preparation of Statement of expenditure by March of each	SAO	Director (Admin and Finance)
5.2.2 Appoint an external auditor and facilitate completion of audit in a time bound manner.	Audit by external auditor completed.	Nil (last one time audit of PFMR component in 2014)	External Audit firm Hired and audit completed latest by June each year.	SAO / WB-FSP	Director (Admin and Finance)
5.2.3 Take appropriate and remedial actions on the recommendations of the audit, both external and internal audits, if any.	Recommendations implemented.	Nil	Audit Recommendation implemented latest within 3 months of receipt of them.	SAO	Director (Admin and Finance)

Activity	Performance Measure	Baseline	Target date / period	Resources	Measure owner
5.2.4 Prepare and publish SAO's Annual Report including audited statements of expenditure, budget compliance and independent auditor's report within six months of the following year.	SAO's Annual Report published.	Nil	Latest by June each year.	SAO / WB-FSP (support for template preparation advisory)	Director (Policy & Plan)
5.2.5 Set up a mechanism and get peer review of the SAO conducted periodically by other SAIs.	First peer review conducted and report available.	Nil	At least once in 3 – 5 years, first to be conducted latest by 2020.	SAO / Peer Reviewer SAI	Professional Development Directorate.

Objective 5.3: To have strong and effective computer based management systems for asset, HR, training and examination process established.

Activity	Performance Measure	Baseline	Target date / period	Resources	Measure owner
5.3.1 Set up computerised / computer based system for – (i) Asset management. (ii) Training and examination system including online training and examination. (iii) Attendance system. (iv) Digitisation and electronic archiving and retrieval of records and information. (v) SAO's internal communication / intra-net email.	Computerised systems.	Only excel based asset register.	Computerized Inventory management system established latest by June 2021.	SAO / WB-FSP	Director (Admin & Finance) / Director (HR) / IT Audit Directorate / Chief of Staff / Professional Development Directorate.
5.3.2 Implement and monitor IT/IS governance in the SAO regularly.	SAO IT / IS governance system.	Nil	System implemented latest by Dec 2020.	SAO	IT Directorate / Director (IS)

Objective 5.4: To have strong and effective result based staff performance appraisal system established.

Activity	Performance Measure	Baseline	Target date / period	Resources	Measure owner
5.4.1 Put in place a revised and robust performance appraisal and management system for the staffs linked with capacity development, professionalisation, job rotation and career progression requirements.	Reviewed performance appraisal system.	IARCSC format based system.	Latest by December 2020.	SAO	Director (HR)
5.4.2 Mandate Directorates and competent reviewing authorities	Directorates and reviewing	IARCSC format	Implemented for the year	SAO	Director (HR) /

to conduct performance appraisal keeping in view capacity development, job rotation and career progression requirements.	authorities appraised as per revised requirement.	based system.	2020 effective review in 2021		Respective Directors
5.4.3 Regularly review and monitor the application of the new system and make necessary adjustments, if required.	Performance appraisals reviewed annually and adjustments made.	IARCSC format based system.		SAO	Director (HR) / Respective Directors

Objective 5.5: To have SAO-wide effective internal governance system including an effective internal control system.

Activity	Performance Measure	Baseline	Target date / period	Resources	Measure owner
5.5.1 Ensure holding of regular meetings and implement the decisions and recommendations of the SAO's internal committees (Criminal Cases Referral Committee, Audit Methodology Committee, Audit Committee, other subject matter Committees) for SAO's good governance.	Regular meeting of SAO governance Committees held and decisions implemented.	Existing practice of meetings.	As per schedules and decisions within 15 days subject to criticality of decisions and time required.	SAO	Respective coordinators / Secretary.
5.5.2 Set up and implement an effective internal control system including for integrity and ethical requirements in the SAO.	Internal control system based on good practice framework implemented.	Existing control mechanism.	By December 2020.	SAO / EU-SRBC Advisory support.	Dy. AG (Admin & Finance)
05.5.3 Develop / update and implement Internal Audit Regulation.	Revised / New Internal Audit Regulation.	Pre-existing regulations	By December 2020.	SAO	Director (IA&QC)
5.5.4 Plan and conduct risk based annual internal audit of the SAO's functions / Directorates / Departments.	Risk based internal audit of SAO directorates / departments	Audit coverage in 2018-19.	As per annual audit plan each year.	SAO	Director (IA&QC)
5.5.5 Ensure preparation and submission of the internal audit reports to the Audit Committee, their review and recommendations thereon to the top management.	Audit Committee Reviewed IA reports.	Latest Audit Committee meeting.	Submission within 15 days of the completion of the audit.	SAO	Director (IA&QC) / IA Committee
5.5.6 Implement the recommendations and follow them up.	Recommendation of IA implemented.	Existing recommendations and action taken	Latest within 3 months.	SAO	Respective Directorates / follow up by Director (IA&QC).

Annexures

Annexure 1: Stakeholders Mapping & Results of Stakeholders' Analysis

Stakeholders' Support & Intervention Matrix (A holistic approach)

Support & Intervention				
Stakeholders		Informer Input provider	Opinion-maker	Decision-maker
	National Assembly	-	<ul style="list-style-type: none"> Submission of Audit Reports. Support to SAO for strengthening of operations and its independent audit and reporting. 	<ul style="list-style-type: none"> Submission of Audit Reports. Legislative scrutiny of Reports and holding the executive accountable. Re-visiting /amendment to the SAO Audit Law. PAC committee will have opinion on quality of the reports. Seek special audit reports.
	President Office	-	-	<ul style="list-style-type: none"> Submission of Audit Reports. Action taken by the audit entities on audit reports. Seek special reports. Special remuneration for audit staff.
	Ministry of Finance	<ul style="list-style-type: none"> Subject matter information (Qatia accounts) for annual financial audit. World Bank Grants projects financial statements for audit. 	<ul style="list-style-type: none"> Support or opposition to donor's seeking SAO's audit of grants projects. Support or opposition to donor's designating certain benchmarks for financing incentives being monitored by the SAO. 	<ul style="list-style-type: none"> SAO's budget provisions and allocation. Provision of technical staff support from MoF's staffing provisions, e.g. Taghir, etc.
	Audit Entities	<ul style="list-style-type: none"> Provide relevant information/subject matter information for audits. 	<ul style="list-style-type: none"> Response and criticism on audit reports (Contradictory principle). Does not accept the audit reports. 	<ul style="list-style-type: none"> Implementation and action taken on observations and audit recommendations.
	Civil Service Commission	-	-	<ul style="list-style-type: none"> Approval for Tashkeel. Provisions and selection of staffs. Salaries and remunerations scales.
	Attorney General Office	<ul style="list-style-type: none"> Input for fraud, corruption and vigilance related audit areas. 	<ul style="list-style-type: none"> Collaboration and coordination for anti-corruption strategy and action. 	<ul style="list-style-type: none"> Action-taken on cases of vigilance, fraud and corruption supplied by the SAO.

Support & Intervention				
	Donors & International Agencies	<ul style="list-style-type: none"> Inputs through specialised reports with focus on accountability, transparency, governance, anti-corruption areas relevant for risk assessments. 	<ul style="list-style-type: none"> Support to SAO's independence of operation and reporting including through SAO's external assessments. 	<ul style="list-style-type: none"> Financial and technical support to the SAO for institutional development and capacity building. Designating incentive-linked benchmarks relating to SAO's activities as well as audit entities. Seek SAO's audit for assurance on their grants projects.
	Citizens, CSOs & Media	<ul style="list-style-type: none"> Media coverage of SAO Audit Reports. CSOs participation in audit process. 	<ul style="list-style-type: none"> Citizens make government accountable including through Open Government Partnership (OGP). Public interested in how public funds are used. CSOs putting pressure on government to act on SAO's reports. Use of audit reports to highlight areas of accountability, transparency and governance. Media can influence in public decision-making and by highlighting programmes repeatedly which finally impact the public. 	<ul style="list-style-type: none"> CSOs holding press conference on audit reports highlighting the areas of concern that Government should focus on as well as the mistakes of the reports that should be attended to.
	Professional bodies / Academia	<ul style="list-style-type: none"> Professional bodies can support work of the SAO in line with the standing of their stance and best practices. 	<ul style="list-style-type: none"> Students, Researchers, Academia use the reports of the SAO as a research subject. Professional bodies can suggest standardization of the SAO report vis-a-vis international standards and best practices. 	<ul style="list-style-type: none"> Professional bodies can research on standardization of the SAO report which see is the reports are according to international standards or not

1. The Supreme Audit Office (SAO) is the supreme audit institution (SAI) of the Islamic Republic of Afghanistan, which provides independent assurance to the President, the National Assembly, donors and other stakeholders, that the public funds are being spent properly and for the purposes intended and that all revenues due have been collected and properly recorded in the financial records.

2. The SAO derives its mandates and powers for undertaking various types of audit from Articles 50 & 75 (4) of the Constitution of the Islamic Republic of Afghanistan, the existing Audit Law and Article 59 of the Public Finance and Expenditure Management (PFEM) Law, 2005. Article 59 relating to audit of the Qatia Accounts in the PFEM Law, require that the administration for audit and control shall prepare an independent audit report within six months from the end of a fiscal year and submit it to the government. The government then shall submit the report to the National Assembly and the report shall be made publicly available upon submission to the National Assembly. Accordingly, SAO submits audit report of audit of Qatia financial statements to the

President and the National Assembly. The National Assembly (Public Accounts Committee) discusses the audit report for follow up action.

3. As part of compliance audit, the SAO carries out audit of compliance of relevant rules and regulations and internal control system as well as expenditure and receipts of the ministries, departments and agencies as well as Mustofiats, municipalities and various state owned enterprises (SOEs), corporations and joint stock companies. As part of the public works audit, SAO carries out audit of Public Work through physical verification, checking of contracts, etc. Two annual compliance audit reports each related to expenditures and revenues are prepared and submitted to the President Office and the National Assembly. So far, PAC has not taken up the compliance audit reports and also performance audit reports submitted so far by the SAO for legislative scrutiny.

Support of the National Assembly for SAO's independent operation, through effective legislative scrutiny and follow up is a critical factor for the SAO. However, at present, legislative scrutiny is limited both in terms of the status of a separately constituted PAC (PAC is a sub-committee of the Budget, Banking and Finance Committee of the National Assembly) and in terms of taking up all types of audit reports for legislative scrutiny.

4. As per the understanding between the Ministry of Finance (MoF) and the World Bank, audit of the grants projects of the World Bank/ARTF to the Government of Afghanistan is to be carried out for certification of the financial transactions there from and compliance of relevant terms and conditions of the financing agreements. MoF is primarily responsible for preparation and presentation of the financial statements of the projects. The SAO on the basis external audit support of consultancy firm provides audit opinion in this regard to the Ministry of Finance/World Bank.

5. The President, who under the existing legal framework, along with the National Assembly, is to receive the Audit Reports on annual Qatia statements and Audit Reports for compliance audit, performance audit, and other audits. President Office is an important stakeholder for receiving the reports and as the head of the executive to see that the results of the audit and recommendations thereon are effectively implemented. Audit of the Qatia accounts is undertaken by an audit commission of the SAO. Further, compliance audit reports are not discussed by the national assembly and the President office causes the concerned agencies to take appropriate action on audit results and recommendations.

Supports of the President office is very critical for effectiveness of audit and implementation of the audit recommendations and follow up action. Support of the President office for the SAO is an opportunity and helps in success factor. However, the President Office, by an order in 2017, brought certain changes in the provisions of the Audit Law itself without these having been approved by the National Assembly. As such, changes in the audit law or the mandate of the SAO contained in the audit law by the President Office without legislative approval poses a threat to the operation and independence of the SAO.

7. The National Assembly, which is the highest legislative and deliberative body and to which a copy of the Audit Report of annual Qatia statements and other audit reports are submitted, is an important stakeholder, as it scrutinizes audit reports and holds the executive accountable. The SAO drafted a new and the law is approved by the Cabinet, the Audit has been submitted to the National

Assembly for approval. Role and support of the National Assembly / PAC in enactment an approval of an amended SAO Audit Law is critical.

Support of the National Assembly in both the matters; effectiveness of scrutiny of the audit reports and in the approval of the amended Audit Law, is critical for success of the SAO and its audit process and the support is always an opportunity for making the SAO more successful and effective in its audit process and outputs. Any adverse opinion by the national assembly leading to either absence of support for the audit law or lack of trust in the audit reports is threat for success of the SAO in future. National assembly has been supportive to the SAO.

However, as per the international best practices, financial control by National Assembly generally includes separate mechanisms for the supervision of budget estimates and budget and the supervision of audit report on budget compliance and financial statements. Generally, this is found in the form of an Estimate or Budget or Budget and Finance Committee for the budget scrutiny and a Public Accounts Committee (PAC) for scrutiny of audit report on budget compliance. Performance of both the functions of endorsement of budget as well as scrutinizing the audit report on budget implementation by the Budget & Finance Committee appears not to be in line with the principles of separate scrutiny of the audit report on budget compliance from that of the budget estimates, which has been supervised by the Budget & Finance Committee itself. This is though not a critical success factor for the SAO, it poses a threat with regard to detailed scrutiny of the audit reports and follow up on recommendations.

Further, at present, the national assembly does not discuss /scrutinizes or recommends action on compliance reports/performance audit report or other reports (other than Qatia accounts audit report) and there is no established mechanism for scrutiny of the these reports and follow up there on by the national assembly. This is a critical factor for absence of success of the SAO regarding compliance /performance audit reports and is a threat.

8. Ministry of Finance, which is responsible for budgeting, treasury operations through the Single Treasury Account (TSA) and financial management including that of AFMIS as well as monitoring of separate audit reports relating to grants received from various donors, is an important stakeholder. According to the provisions contained in Article 55, para 1 of the Pubic Finance and Expenditure Management (PFEM) Law, the Ministry of Finance is responsible for the preparation and presentation the following information:-

- (1) Final budget reconciliation report on the budget for previous fiscal year. This shall be submitted no later than the end of the month of Sunbula (the second quarter of the year); [and]
- (2) A set of financial statements compiled according to the international accounting principles that have been audited as required by Article 59 of the PFEM law.

Preparation of these reports and their timely submission to the audit commission for Qatia audit is critical for the SAO in completing the audit in time and submitting its results to the President and the National Assembly, as per required time framework.

Experience of past few years relating to submission of the Qatia statements to the audit commission by the Ministry of Finance indicates that the statements had been submitted with delays of many days vis-à-vis required date. This has further limited the flexibility of the audit commission in past

in completing the entire audit process and has affected the scope of full compliance testing and applicability of required checks. As such, delay in submission of the Qatia statements poses a *threat* for time completion of all audit processes relating to the Qatia audit.

With regard to timely completion of the grant audit and opinion of the SAO thereon, support of the MoF is required in making available financial statements and related documents for the audit in timely manner to consulting auditors. Experience of the past few years suggest that considerable amount of follow up and pursuing is done before financial statements and related documents are received by the audit team. This, at time, presents a threat in effective and efficient completion of the grant audit process.

9. All Ministries and agencies in the Government of Afghanistan (Centre & Provinces), which are responsible for financial transactions and financial management of their respective allocations and revenues, are important stakeholders. The ministries and agencies, which are budgetary units i.e., they are included in the core budget as expenditure or revenue generating agencies, undertake execution of projects and programmes and carry out all financial documentations. They prepare monthly Qatia statements of financial transactions, which are consolidated by the MoF annually.

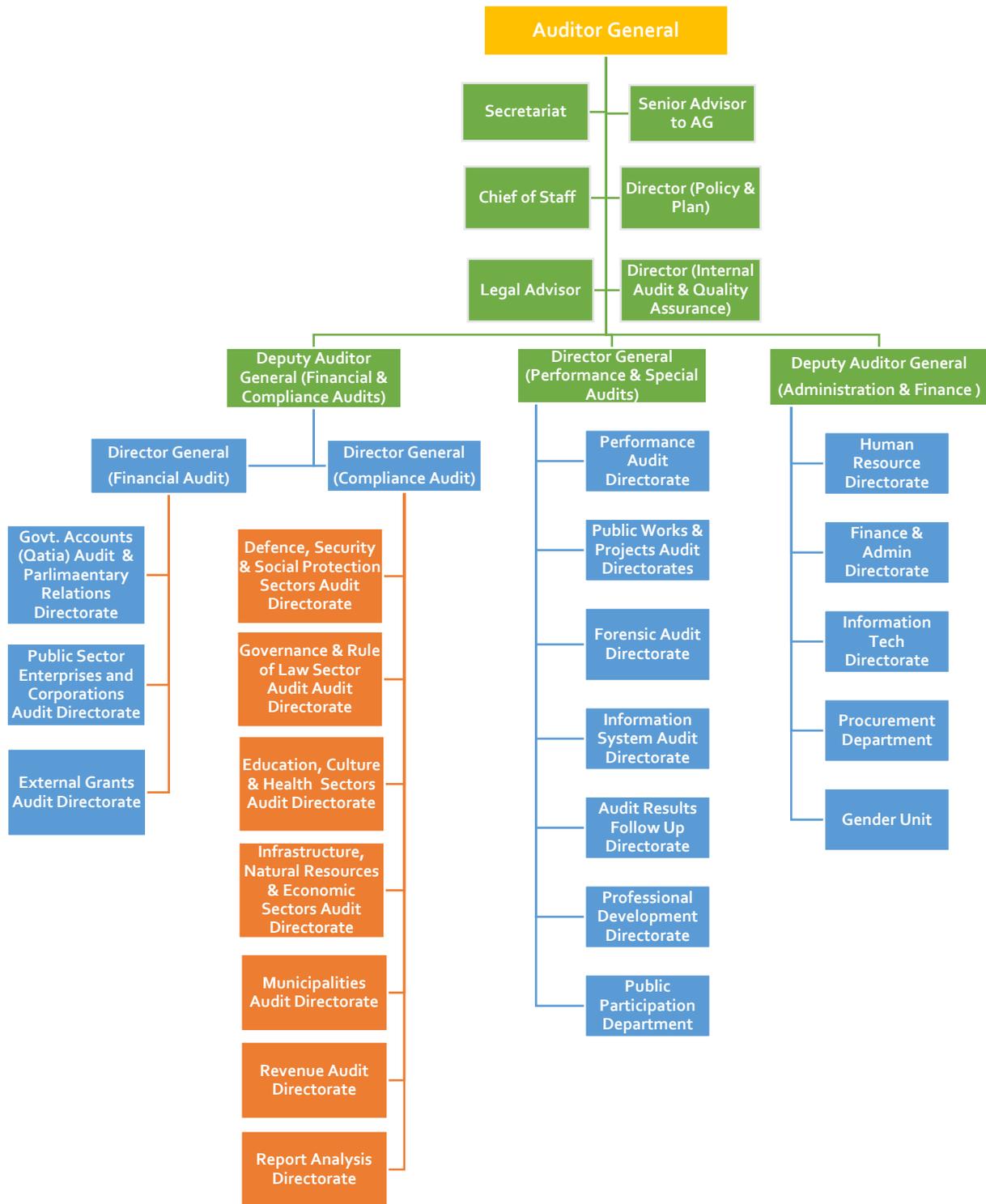
However, considerable delay in preparation and submission of monthly Qatia statements by the ministries to the MoF have been observed in the past, which, indirectly presents a *threat* in timely submission of the consolidated report by the MoF to the Qatia audit commission and in turn, limits the flexibility of the audit commission in applying comprehensive audit / compliance testing.

With regard to State Owned Enterprises (SOEs), the SAO neither audits the financial statements of the SOEs directly to provide opinion thereon nor seeks assurance on their financial performance or financial position through a statutory auditor to provide opinion to the government. As such, the financial affairs of the SOEs are not audited and only compliance audit is carried out, but even audit report of the compliance audit report is not subject to detailed scrutiny by any specified committee or the national assembly. The lack of technical capacity for financial audit of SOEs combined with inadequate capacity in the SOEs for preparation and presentation of the financial statements for audit is a threat.

10. Donors including national governments and multilateral and international agencies provide grants and aid to Afghanistan for financing part of the operating budget and substantial portion of development budget. Donors are important stakeholders and are interested in financial management and control framework in Afghanistan and audit reports of the SAO to evaluate status and trends of spending and implementation of projects and overall financial management framework. Their support to any project or programme is generally influenced by the observations and audit conclusions submitted by the SAO.

Donors support is critical for overall effectiveness of the audit report and their utility, as few audits such, grants audit is fully funded by the World Bank. The World Bank is providing financial support to the SAO for its certain operating activities and development function. As such, support of the World Bank is critical success factor for the SAO and its continued financial support presents an opportunity for the SAO to build capacity and infrastructure.

Annexure 2 :SAO’s Organization Chart



Auditor General Approval

To Auditor General of the Supreme Audit Office!

In order to enhance the role of the supreme audit office, capacity development, and professionalisation and improve the quality and effectiveness of its auditing, in continuity with the previous strategic plan (2013-2017) and revision in the existing strategic plan (2018-2022), the Strategic Plan for (2018-2022) has been updated and prepared by the assigned committee and is being presented to the Auditor General for approval.

Approved!

.....
.....
.....
.....

Best Regards

Mohammad Naiem Haqmal

Auditor General

Supreme Audit Office