Session Four: Advancing budget credibility through external audits – Impact and strategic considerations.

JOSEPHINE MUKOMBA
AFROSAI-E SECRETARIAT
OUTLINE

• Using PFM RF tool to contribute to enhancing the credibility of government budgets
• What are examples of specific impacts of audits?
• What are some key recommendations or action points to advance the impact of SAI work related to budget credibility?
Differences in the scope of regular audits and the PFM RF

Budget preparation

Budget approval

Macroeconomic policy, fiscal policy & strategic budgeting

Accounting, Reporting & Oversight

Financial Management & Service Delivery

BUDGET CYCLE

PFM Reporting Framework

Established audits
Government Performance by PFM Process
Average of process-level performance of all institutions involved in each process

- Macroeconomic Policy, Fiscal Policy and Strategic Budgeting: 2.6
- Budget Preparation: 2.1
- Budget Approval: 1.8
- Financial Management and Service Delivery: 2.2
- Accounting, Reporting and Oversight: 2.8

Performance by Institution
Average of all Key Questions assessed for each institution

- Ministry of Finance: 2.0
- Revenue Authority: 1.7
- Parliament: 2.0
- [MDA-1]: 2.0
- [MDA-2]: 2.0
- [MDA-3]: 2.0
- [MDA-4]: 2.0
- [MDA-5]: 2.0
- [MDA-6]: 2.0
- [MDA-7]: 2.0
- All PFM Institutions: 2.3
- All MDAs: 2.3
- All Institutions: 2.2

Key Overall Risk Areas
Performance grade below 2 indicates risk area (shaded in red)

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<thead>
<tr>
<th>Risk Area</th>
<th>Ministry of Finance</th>
<th>Revenue Authority</th>
<th>Parliament</th>
<th>[MDA-1]</th>
<th>[MDA-2]</th>
<th>[MDA-3]</th>
<th>[MDA-4]</th>
<th>[MDA-5]</th>
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<th>[MDA-7]</th>
<th>All PFM Institutions</th>
<th>All MDAs</th>
<th>All Institutions</th>
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- Risk area below this line
- Target performance grade

Dominant Root Causes of Underperformance by Institution
Identified by auditors for each process considering the root causes identified for all Key Questions under that process

- (3) Information systems
- (5) Communication and stakeholder management
- (4) Governance and oversight
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- (3) Information systems

Select institution to see Dominant Root Cause of underperformance for each PFM Process.

SAMPLE DASHBOARDS
Key Recommendations

• Increase the auditor’s understanding of the PFM cycle
• Enhance audit of public debt and the effects on budgets
• Identify more risky aspects for detailed stand-alone audits
• Recommend for increased integration and computerization of government systems
• Increase awareness with Stakeholders
Thank You