



# **National Audit Chamber Peer-support Project 2017-2020**

## **Cooperation Agreement**

*Final version for signing 9th May 2017*

## CONTENTS

|   |    |
|---|----|
| 1. Background .....   | 3  |
| 2. Brief description of the project.....  | 3  |
| 3. Expected results and indicators of performance.....                              | 4  |
| 4. Regional programmes and conferences .....  | 8  |
| 5. Division of roles between the three partners.....                                | 8  |
| 6. Financial management.....  | 10 |
| 7. Cooperation Principles.....  | 10 |
| 8. Agreement .....  | 11 |
| Appendix I: Clusters of support – peer teams.....                                   | 12 |
| Appendix II: Detailed work plan and budget.....                                     | 14 |
| Appendix III: Present situation (baseline) .....                                    | 15 |
| Appendix IV: Prerequisites and Risk assessment .....                                | 17 |
| Appendix V: Routines for logistics.....   | 19 |
| Appendix VI: Platform for a coordinated approach with other supporters of NAC ..... | 21 |

## 1. BACKGROUND

South Sudan has immense development needs and is currently mired in a deep economic, political, security and humanitarian crisis. The government institutions are weak. Control of government funds is a major challenge. There is an acute need to strengthen the accountability mechanisms to promote better utilization of the limited resources available. The National Audit Chamber (NAC) can through well selected audits potentially play an important role in ensuring better public financial management in South Sudan. It can also play an important role in the long-term state building process.

As the supreme audit institution of South Sudan, NAC has a wide mandate according to the Transitional Constitution and the National Audit Chamber Act (2011). It shall ensure public accountability of governmental bodies and institutions. It also will provide independent assurance to the President and the Legislative Assembly on the probity of public financial management of the Executive, Judiciary, States, Local Governments, independent commissions as well as all public institutions in the Republic of South Sudan. Since 2010, the office has undergone a substantial transformation. The number of staff has increased by approximately 100, to the current figure of 239, out of which 126 are auditors. The 2016-18 Strategic Development Plan of NAC envisages a SAI that operates in lines with the ISSAIs with a sufficient structure, human and financial resources to add value to the Republic of South Sudan in line with its mandate.

However, NAC operates in a highly challenging environment. It currently has a large audit backlog and is faced with a number of capacity challenges including inadequate professional skills, lack of infrastructure and lack of autonomy from the Executive arm of Government.

In December 2016, the INTOSAI Development Initiative (IDI) received a letter from the NAC requesting for bilateral support. IDI responded positively to the request and invited other developing partners including AFROSAI-E to discuss the scope of a possible support programme. The discussions have resulted in a joint agreement of the three parties. Funding is sourced through the Norwegian embassy in Juba.<sup>1</sup>

## 2. BRIEF DESCRIPTION OF THE PROJECT

The overall objective of the support is to “Maintain and strengthen key audit-related capacities in NAC, to prepare NAC to play a strong role in the reform efforts of the Government of South Sudan to improve and sustain Public Financial Management Administration and accounting systems.” Depending on how the challenging situation in South Sudan develops, maintenance of the capacity of the audit office may be the most realistic ambition.

The project is for three years: May 2017 – April 2020. The actual progress and lessons learned of the activities starting in 2017, will determine the activities in the later years.

Advice to execution, reporting and dissemination of audits is a key part of the project. NAC has during the last years adopted various audit manuals and participated in general trainings in various areas, and now needs support to implement and utilize this knowledge in the office. NAC has underlined the need for on-the-job training. Providing support to the execution of specific audits will enable NAC to build capacity related to core activities.

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<sup>1</sup> The signature to this agreement is based upon the condition that funding is available through the Royal Norwegian embassy in Juba / MFA Norway.

Three audits are prioritized to start in 2017 and three in 2018. These audits have been selected by NAC based on materiality, requirement of external support and likelihood of completion. Each audit involves the following standard activities:

- Pre-planning workshop including establishment of teams, planning of the audit and knowledge raising of the area
- Regular contact and feedback on e-mail and telephone
- Execution workshop
- Reporting workshop
- Printing of report for Parliament and brochure with summary of findings for public distribution
- Dissemination workshop after the report is tabled for stakeholders including auditee, PAC members, media, CSOs

The project also includes support to NAC participation at AFROSAI-E events. There are both annual AFROSAI-E events relevant where NAC participation is pertinent, but also specific trainings relevant for the selected audits. For instance, for the audit of the IFMIS, there is a relevant AFROSAI-E workshop on IT-audit programme where it is proposed NAC participate with members of the audit team doing the IFMIS related audit.

NAC's performance and impact is dependent on key stakeholders, especially the ministries and Parliament. The project therefore includes activities to sensitize key auditees and the Public Accounts Committee (PAC) on NAC's function, standards, operations, recent findings and how audit reports can be handled. This sensitization is regarded to be important to prepare for a stronger role of NAC in a more stable situation in South Sudan.

To ensure the various knowledge acquired in the audit process and through trainings are spread and institutionalized internally in NAC, the project also includes support to management systems and an annual knowledge sharing workshop for all staff. The management support will focus on establishing an overall annual audit plan and system for monitoring, reporting and quality control in NAC. Advice for development and dissemination of the annual SAI Performance report will also be provided, and linked to the sensitization of key stakeholders.

All the expected outcome and outputs are linked to the NAC strategic development plan 2016-18.

### 3. EXPECTED RESULTS AND INDICATORS OF PERFORMANCE

**Project goal:** Maintain and strengthen key audit-related capacities in NAC, to prepare NAC to play a strong role in the reform efforts of the Government of South Sudan as well as to improve and sustain Public Financial Management Administration and accounting systems.

**Overall indicators of goal achievement:**

- Percentage of project supported audit reports finalized and reported to the President and Parliament by NAC by the end of 2019. Target: 50 %
- Staff turnover among auditors and managers in NAC 2017-19. Target: less than 10% annually

| Expected outcome and output   | Team responsible  | Activities  | Time frame | Indicators of goal achievement   |
|---|---|---|------------|--|
| <b>1 A relevant and enhanced regularity audit function in NAC</b>   |   |   |            |  |
| <b>1.1</b> Regularity audit of non-oil revenue collection by the Min of Finance executed, reported and disseminated to key stakeholders                         | RA-revenue team   | Establishment of NAC-peer team, advise and training by peers at key stages throughout the audit (both in physical meetings, workshops, e-mail and phone), attending applicable AFROSAI-E training, printing of report and dissemination workshop. | 2017-19    | 1a) Number of project supported regularity audits where data collection is completed and a draft report produced by NAC.<br><u>Target:</u> all by the end of 2019. |
| <b>1.2</b> Regularity and it-audit of the IFMIS and closing of accounts by the Min of Finance executed, reported and disseminated to key stakeholders           | RA-IT team  | Establishment of NAC-peer team, advise and trained by peers at key stages throughout the audit (both in physical meetings, workshops, e-mail and phone), attending applicable AFROSAI-E training, printing of report and dissemination workshop.  | 2017-18    | 1b) Number of project supported regularity audits reported to the President and the Parliament.<br><u>Target:</u> 50 % by end of 2019.                             |
| <b>1.3</b> Regularity and it-audit of the passport system and revenue collection by the Min of Interior executed, reported and disseminated to key stakeholders | RA-IT team  | Establishment of NAC-peer team, advise and training by peers at key stages throughout the audit (both in physical meetings, workshops, e-mail and phone), attending applicable AFROSAI-E training, printing of report and dissemination workshop. | 2018-19    | 1c) Finalization and approval of guidance related to audit of IFMIS and the consolidated financial statements.<br><u>Target:</u> Before the end of 2018.           |
| <b>1.4</b> Systematic knowledge-sharing among staff in NAC established related to regularity and it-audit   | Coordination team with inputs of RA-IT team & RA revenue team | All activities related to the audits, internal distribution of knowledge in NAC both through workshops and electronic means.  | 2017-19    |  |
| <b>1.5</b> Guidance material developed related to audit of IFMIS and the consolidated financial statements  | RA-IT team  | Develop the IFMIS guidance material in parallel with the audit activities. Involve management and peers in reviewing the material in the process.   | 2017-18    |  |
| <b>2 A relevant and enhanced performance audit function in NAC</b>  |   |   |            |  |
| <b>2.1</b> Performance audit of the efficiency of service delivery by the Juba city council executed, reported and disseminated to key stakeholders             | PA-team   | Establishment of NAC-peer team, advise and training by peers at key stages throughout the audit (both in physical meetings, workshops, e-mail and phone), attending applicable AFROSAI-E training, printing of report and dissemination workshop. | 2017-18    | 2a) Number of project supported performance audits where data collection is completed and a draft report produced by NAC.  |

| Expected outcome and output   | Team responsible                                  | Activities  | Time frame | Indicators of goal achievement  |
|---|---|---|------------|---|
| 2.2 Performance audit of the efficiency of the Juba University executed, reported and disseminated to key stakeholders  | PA-team   | Establishment of NAC-peer team, advise and training by peers at key stages throughout the audit (both in physical meetings, workshops, e-mail and phone), attending applicable AFROSAI-E training, printing of report and dissemination workshop. | 2018-19    | <u>Target:</u> all by the end of 2019.<br><br>2b) Number of project supported performance audits reported to the President and the Parliament.<br><u>Target:</u> 50 % by end of 2019. |
| 2.3 Performance audit of local content and Constituency development fund completed, printed, reported and disseminated  | Coordination team                                 | Advise and co-working by peers mainly in a one-week workshops, printing of report and dissemination workshop.   | 2017       | 2c) Finalization and approval of the NAC Performance Audit Manual.<br><u>Target:</u> Before the end of 2018.  |
| 2.4 Systematic knowledge-sharing among staff in NAC established related to performance audit                            | Coordination team with inputs of PA- team         | All activities related to the audits, internal distribution of knowledge in NAC both through annual workshops for all NAC staff and electronic means.   | 2017-19    |   |
| 2.5 Performance audit manual customized   | PA team   | Customize the different chapters of the manual in parallel with the execution of the selected performance audit. Finalize the manual in a workshop with management. Print and distribute the report.  | 2017-18    |   |
| 2.6 Performance audit of environment in the oil sector completed, printed, reported and disseminated                    | PA team   | To be developed based on experiences of 2017-18 performance audits  | 2019       |   |
| <b>3 Core audit management and HR-systems in place in NAC</b>   |   |   |            |   |
| 3.1 Overall annual audit plan and system for monitoring, reporting and quality control developed and implemented in NAC | Management support and stakeholder relations team | Establish a NAC team responsible for outlining the new systems, develop new annual audit plan, reporting and quality control templates, workshop with all managers, external review and improvements.   | 2017-19    | 3a) Establishment and use of an annual audit plan for NAC.<br><u>Target:</u> Within the end of 2018.  |
| 3.2 Annual SAI Performance report produced and disseminated   | Management support and stakeholder relations team | Draft the SAI performance report internally in NAC, get advises on improvements by peers, finalize the report and make a template.  | 2017-18    | 3b) Annual SAI Performance report produced and disseminated.<br><u>Target:</u> Within the end of 2018.  |
| 3.3 NAC Human Resource Manual customized and executed   | Management support and stakeholder relations team | To be considered in 2018 if resources available.  |            |   |
| <b>4 Key stakeholders are familiar with NAC's function and how reports can be utilized</b>                              |   |   |            |   |

| Expected outcome and output  | Team responsible                                  | Activities   | Time frame | Indicators of goal achievement   |
|--|---|--|------------|--|
| 4.1 Key auditees sensitized on NAC function, standards, operations and findings  | Management support and stakeholder relations team | Develop a program and material well suited for sensitization of auditees, invite and conduct sensitization workshop with key auditees. | 2018       | 4a) Number of key auditees sensitized on the NAC functions.<br><u>Target:</u> Three Ministries by the end of 2018.   |
| 4.2 PAC sensitized on NAC function, standards and operations and how audit reports can be handled by PAC   | Management support and stakeholder relations team | Conduct PAC training and sensitization tailor-made for South Sudan using the AFROSAI-E material.                                       | 2017-9     | 4b) Percentage of PAC members sensitized on the NAC functions and how audit reports can be handled.<br><u>Target:</u> 80 % of PAC members by the end of 2018.  |
| <b>5 NAC is updated on international standards and best-practices</b>  |   |  |            |  |
| 5.1 NAC management and staff are contributing to regional SAI development, take part in knowledge sharing, are updated on current developments of standards and best practices and maintains network with SAIs in the region | Coordination team                                 | Send NAC representatives to key AFROSAI-E events such as the Governing board and Technical update, and the SAI-PAC events.             | 2017-19    | 5a) Number of NAC staff and managers who have completed project supported AFROSAI-E trainings.<br><u>Target:</u> All NAC representatives at AFROSAI-E trainings complete the trainings in terms of participation and expected deliveries<br><br>5b) Sharing of knowledge and experiences from trainings and workshops carried out annually in seminars involving most NAC<br><u>Target:</u> Annual seminars for 2017-19 carried out. |
| <b>6 NAC's capacity development is strategically managed and well coordinated</b>  |   |  |            |  |
| 6.1 NAC ensures capacity development support is in line with its prioritized needs by establishing a system for coordination of donor support  | Coordination team                                 | Annual meeting for DPs, project management costs, evaluation.  | 2017-2020  | 6a) Annual meetings involving all relevant DPs carried out.<br><u>Target:</u> Annual meetings for 2017-19 carried out.   |
| 6.2 Lessons learned of the project identified  | Coordination team                                 | External evaluation of the project   | 2020       |  |

## 4. REGIONAL PROGRAMMES AND CONFERENCES

Several regional events are relevant for NAC. The following are supported in terms of transport, accommodation and eventual conference fees:

- Conference of Illicit Financial Flows, Cameroon, 24-26th May 2017
- AFROSAI-E Governing Board meeting, annually in May
- AFROSAI-E Technical update and refresher workshops, Oct/Nov every year
- AFROSAI-E workshop on audit of extractive industries and fiscal governance, May 2017
- AFROSAI-E workshop on local government, June 2017
- AFROSAI-E workshop on audit of IFMIS, October 2017
- AFROSAI-E 3-module PA training, June 2017, September 2017, Feb 2018
- AFROPAC, SADCOPAC, EA-PAC meeting, annually in October
- AFROSAI General Assembly, October every year

Additional AFROSAI-E events in 2018 and 2019 will also be considered.

NAC as any other SAIs will also have the opportunity to participate in relevant IDI programmes. Funding for this will be established through the IDI programmes.

## 5. DIVISION OF ROLES BETWEEN THE THREE PARTNERS

There are three main partners in the project. NAC is the main part responsible for execution of activities. IDI is primarily responsible for the funds and coordination of peer-support. AFROSAI-E will be a key provider of technical support through the Management support team and various AFROSAI-E events.

A steering committee is established where each of the three partners are represented. The committee will be led by the NAC representative. It will meet annually to approve the annual report and plans for the project. Monitoring of the project is done as a part of the annual reporting and meeting. The steering committee can also meet ad-hoc to discuss the support project and be consulted on arising issues.

The annual meeting is the main decision forum for the collaboration. Key parts of the agenda will include the assessment of the achievements in the passing year and planning for the next year. Outcomes of this meeting should be available by 30th November annually, in order to incorporate it in the upcoming year's work plan. The text to the annual report as well as a draft work plan for next year should be prepared by NAC ahead of the annual meeting. Monitoring of the programme is done related to the annual reporting and meeting.

To ensure smooth coordination of activities, NAC and IDI will appoint a person that is responsible for the general management of the programme. These persons represent the "Coordination team". There is regular contact every 2nd week on phone to adjust plans and settle arising issues. AFROSAI-E will participate in the Coordination team meetings if necessary and on request from NAC and/or IDI.

**The NAC** will be in the driving seat in the implementation of activities and have the following key responsibilities:

- Integrate the project-related activities with the rest of the plans for the office, and ensure plans are linked to the NAC's Strategic Plan for enhancing sustainability
- Actively monitor and follow-up on the execution of activities, milestones and expected outputs in the programme
- Ensure the availability of adequate staff and their continuity in the areas covered through the project
- Prepare for each annual meeting a summary of progress of agreed activities and performance compare to indicators. This information could be provided as an integrated part of the new SAI performance report of NAC.
- The text to the annual report as well as a draft work plan for next year should be prepared by NAC ahead of the annual meeting.
- Invite IDI and AFROSAI-E for annual meetings in due time, and include also other partners of NAC in a seminar related to the annual meeting
- Share relevant plans, reports and agreements with other development partners
- Develop ToRs for specific project activities, such as workshops

**The IDI** will be responsible for the project grant and have the following key responsibilities:

- Project management, including financial management and reporting to MFA Norway
- Mobilize, provide and coordinate resource persons – maintain a dialogue with the SAIs providing in-kind support
- Provide support and guidance to NAC in the overall management of the agreed activities, including guidance on ToRs for specific project activities
- Arrange and pay for logistics

**AFROSAI-E** will be responsible for providing technical support in several areas. They will invite NAC to regional events and trainings as provided for in the agreement and as agreed at the annual planning meeting: AFROSAI-E will

- Be advisors for the management and stakeholder relations team.
- Ensure NAC is invited to AFROSAI-E events and trainings

Other SAIs in the region and OAGN will also be contributing in the project as they will be asked to provide resource persons in-kind. The advisors will be managed primarily by the NAC appointed team leader. The team leader is responsible for ensuring the advisors are well utilized and that activities are progressing towards the agreed outputs. The advisors are still expected to actively suggest how and when activities should be carried out.

IDI will, in a dialogue with NAC, coordinate with the SAIs of the advisors on general issues of engagement, including preparation of the advisors for the task.

## 6. FINANCIAL MANAGEMENT

IDI will be responsible for financial management of the project, including reporting to the Ministry of Foreign Affairs, Norway (MFA). The other partners commit to provide IDI with key information required for this reporting.

Routines for booking of flights, hotel and conference facilities are enclosed.

For per diems, the following rules will apply:

- NAC staff and managers, resource persons of regional SAIs and AFROSAI-E representatives: The AFROSAI-E Subsidization policy<sup>2</sup>
- IDI staff: The IDI policy
- OAGN staff: OAGN rules (costs also covered by OAGN)

## 7. COOPERATION PRINCIPLES

### **Respect and professionalism**

The parties recognise and respect the governance structures and internal processes of each other.

The parties will be transparent with regard to planned activities that might potentially impact on the work of the other parties and will seek ways to complement each other in the performance of their functions.

The three parties will cooperate with honesty, integrity and professionalism, and will respect the work, findings and representations made by each other.

### **Communication**

Communication between the parties will be responded to with the necessary promptness and will be considered in the context of seeking ways to cooperate and complement each other's functions.

### **Confidentiality**

The parties shall maintain complete confidentiality regarding each other's business and shall not disclose any information relating to each other's business unless prior written permission is obtained from the party.

### **Conditions for support**

Termination of the project will be considered if renewed war is making execution of cooperation activities impossible, or if there is a serious lack of commitment related to the project goals or principles of transparency and accountability.

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<sup>2</sup> This means the NAC participants will not be entitled to per diems other than eventual meals not provided. However, NAC participants are entitled to per diems and any other entitlements from any other funding sources, in accordance with policies and rules of the government of the Republic of South Sudan or other funding agencies regulations Please notice that expenses to field work in South Sudan for NAC staff is not covered through this project.

## 8. AGREEMENT

As partners we commit to work together to achieve the listed project outcomes and outputs.

We agree to the required resources and staff for full participation in the project.

We agree that any changes to the project outcomes and outputs will be mutually discussed and agreed upon.

We commit to the cooperation principles.

**Auditor General, National Audit Chamber**

**Director General, INTOSAI Development Initiative**

**Chief Executive Officer, AFROSAI-E**

## APPENDIX I: CLUSTERS OF SUPPORT – PEER TEAMS

Teams of resource persons that are linked to a robust team of NAC representatives are to be created. These teams can then establish close contact and have some flexibility in terms of when activities are carried out. The team composition and responsibilities may be changed based on experiences and availability of resource persons.

In the establishment of teams, the following principles are important:

- Each team will have a ToR specifying expectations and roles and responsibilities
- NAC will ensure a minimum of 3 team members who are also involved in the relevant activities and are expected to work in this area in the next 2 years. Furthermore, NAC is expected to also guarantee that NAC team members will have sufficient time to contribute and take part in the team activities.
- The IGAD/UNDP resource persons will be allocated to each of the teams. This will enable synergies between the support these are providing and the IDI facilitated support.
- Resource persons also involved in the relevant AFROSAI-E trainings will be considered

The following teams are established when the project starts:

| Team  | Responsibility  | NAC team leader and members  | Advisors  |
|---|---|--|---|
| <b>1. RA-IT team</b>                                | Audit of IFMIS and closing of accounts<br>Audit of passport system<br>IFMIS guidance<br>Sharing of related knowledge in NAC<br>Contribute in sensitization workshops  | <b>1. Peter Emmanuel Khamis – Team Leader</b><br>2. Milla Joseph Amos Wani<br>3. Gabriel Rasas Disi  | TBD (SAI Uganda and OAG Norway are asked)   |
| <b>2. RA-revenue team</b>                           | Audit of non-oil revenue collection<br>Sharing of related knowledge in NAC<br>Contribute in sensitization activities  | <b>1. Venansio Jenario Logunu – Team Leader</b><br>2. Edward Wani Zakaria<br>3. Gloria Dwoki James   | TBD (SAI Uganda is asked)   |
| <b>3. PA team</b>                                   | Audit of Juba city council<br>Audit of Juba university<br>Customization PA manual<br>Sharing of related knowledge in NAC<br>Contribute in relevant sensitization activities   | <b>1. Ephraim Wolyan Wani – Team Leader</b><br>2. Juma Paulino Lado<br>3. Pamela Lipu Mori   | TBD (SAI Kenya is asked)  |
| <b>4. Management and stakeholder relations team</b> | Coach on development of annual audit plan and reporting and quality control systems<br>Contribute in internal workshops on management systems<br>Develop a program and material well suited for sensitization of auditees, invite and conduct sensitization workshop with key auditees. | <i>A: Annual planning and quality control sub-team:</i><br><b>1. Ayen Yai Koul – Team Leader</b><br>2. William George Nyarsuk<br>3. Godfrey Daga<br><i>B: Annual reporting sub-team:</i> | AFROSAI-E advisors in accordance with the terms of reference for specific activities<br><br>Team 1 and 2: Josephine Mukomba |

| Team                        | Responsibility  | NAC team leader and members   | Advisors   |
|-----------------------------|---|---|--|
|                             |   | <b>1. Alexandar Gore Tranquilino – Team Leader</b><br>2. Alexander Duku Tomersuk<br>3. Edmon John Bandas<br><i>C: Stakeholder relations sub-team:</i><br><b>1. Salvador Ladu Alfeo – Team Leader</b><br>2. Samuel Losio Lotonga<br>3. Celina Mara Nathaniel | Team 3: Gordon Kandoro   |
| <b>5. Coordination team</b> | Overall coordination of the project<br>Establish annual sharing of knowledge workshops in NAC<br>Organize annual meetings | <b>Dr. Justin Droko</b>   | Jostein F. Tellnes (IDI)<br>Ad-hoc: Wynand Wentzel (AFROSAI-E) |
| PA of local content and CDF | Support PA of local content and CDF   | <b>1. Peter Simba Lasu – Team Leader</b><br>2. Ephraim Wolyan Wani<br>3. David Pitia Emmanuel   | Jostein F. Tellnes (IDI)                                       |

## APPENDIX II: DETAILED WORK PLAN AND BUDGET

The work-plan and budget is to be adjusted primarily in the annual meeting.

See separate excel file «App 2 NAC detailed activity plan and budget».

## APPENDIX III: PRESENT SITUATION (BASELINE)

A brief description of the present situation in NAC compare to the project's expected outcomes.

### **A relevant and enhanced regularity audit function in NAC**

- By early 2017 NAC has about 96 auditors, where the great majority is doing regularity audits.
- NAC has a regularity audit manual, including working paper templates
- NAC has a large audit backlog. Since 2011, the NAC has managed to audit and report to the President and Parliament the National Government accounts for the financial years ended June 2005 to 2008. The audit of the accounts of financial years ended December 2009 and 2010 are awaiting presentation to the President and Parliament.
- The audit of the accounts for the financial years ended June 2011–2013 have been finalized based on the ledger of the electronic accounting system “Free Balance”, as the Min of Finance have not produced consolidated financial statements covering these years.
- NAC has not conducted audits looking into the IFMIS, non-oil revenues and passport systems previously area previously.

### **A relevant and enhanced performance audit function in NAC**

- About 12 NAC staff has been trained in performance audit through AFROSAI-E and has some experience in execution of audits
- By early 2017, NAC has not yet finalized a performance audit
- There is not a specific department for performance audit established in NAC
- NAC has not customized the AFROSAI-E manuals of performance and environment audit

### **Core audit management and HR-systems in place in NAC**

NAC has developed a number of policies and procedures, including the NAC Act of 2011, strategic plan, HR manual, training manual, code of ethics and audit manuals. NAC staff has participated in training in these areas, but struggles to get the systems and manuals implemented. NAC has developed a strategic plan for 2016-18, but lacks an annual operational and audit plan.

### **Key stakeholders are familiar with NAC's function, audit findings and how reports can be utilized**

NAC has not previously conducted any sensitization of key auditees or Parliament representatives. In the current political situation, NAC's communication with PAC is difficult. PAC has a high turn-over and lacks both routines and understanding in how to handle NAC's reports. According to NAC, there is dire need for a more holistic approach to securing a functioning PFM-system in South Sudan. NAC wants to be a part of this; to give guidance and follow-up implementation of systems, but lack of both internal competence and weak accounting systems and processes, as well as inadequate legal framework in audited entities, compromise such actions.

### **Development of NAC in line with international best practices**

NAC has lately been participating in several AFROSAI-E events and trainings. Given the challenging financial situation in early 2017, NAC is not able to participate in these events unless external support is provided.

**NAC's capacity development is strategically managed and well coordinated**

Currently NAC does not carry out joint meetings or presentation for its development partners.

## APPENDIX IV: PREREQUISITES AND RISK ASSESSMENT

The project has a high risk-profile due to the unstable situation and complex environment in South Sudan. There are several prerequisites for succeeding in this project:

1. A relatively stable South Sudan which allows collection of audit evidence in key Ministries in Juba and presence in the audit office by NAC staff regularly.
2. Government support and commitment to an independent Auditor General.
3. Reasonable level of financial allocation to NAC operations from the Government of South Sudan and financial assistance from Development Partners to infrastructure costs.
4. An operative Public Accounts Committees in the South Sudan Legislature.

For risk management, the table below show the most important risks and related control measures and responsibilities.

| Risk factor  | Risk sub-factors  | Control measures  | Responsible (main in bold)    |
|--|---|---|-------------------------------|
| <b>Delays in implementation of planned activities</b>                                      | <ul style="list-style-type: none"> <li>- Audit data not available as expected</li> <li>- Staff not available as assumed</li> <li>- Ambitions of activities not adapted to the competency levels of staff involved</li> <li>- Lack of funds or cars for fieldwork</li> <li>- Electricity break-down and unstable internet</li> </ul> | <ul style="list-style-type: none"> <li>- Joint process for setting and agreeing on project activities and ambition levels</li> <li>- Flexibility and annual adjustment of plans</li> <li>- Regular communication on phone and e-mail</li> <li>- Mobilize other DPs to support operational and infrastructure costs</li> </ul>                                   | <b>NAC, IDI and AFROSAI-E</b> |
| <b>Relevance and quality of advises</b>  | <ul style="list-style-type: none"> <li>- The complex South Sudan situation</li> <li>- Communication challenges between advisors and NAC staff</li> </ul>  | <ul style="list-style-type: none"> <li>- Emphasizing personal qualifications of resource persons</li> <li>- Training resource persons in sensitivity as well as the country specific PFM-system</li> <li>- Seek to adapt the guidance material to the context</li> <li>- Regular dialogue with NAC on how to ensure relevance and quality of advises</li> </ul> | <b>IDI and AFROSAI-E</b>      |
| <b>Activities not coordinated both within the project and with other supporters of NAC</b> | <ul style="list-style-type: none"> <li>- Several providers of peers involved</li> <li>- Lack of information sharing systems in the SAI</li> <li>- Lack of information sharing between DPs</li> </ul>  | <ul style="list-style-type: none"> <li>- Active use of mechanisms for internal coordination: Joint steering committee, annual meeting, regular phone meetings</li> <li>- Invite other providers to NAC for the annual meeting</li> </ul>  | <b>NAC</b>                    |
| <b>No impact</b>   | <ul style="list-style-type: none"> <li>- Audit results not followed-up by Parliament or the Executive</li> <li>- Strengthening of the SAI meet significant resistance among influential elites</li> </ul>   | <ul style="list-style-type: none"> <li>- Sensitization of key stakeholders as a part of the project</li> </ul>  | <b>NAC and AFROSAI-E</b>      |
| <b>Little sustainability of the support</b>  | <ul style="list-style-type: none"> <li>- Renewed war</li> <li>- Unexpected change of AG or managers of the SAI</li> </ul>   | <p>Sustainability risks related to the overall national situation in South Sudan can not be addressed, but sustainability is sought enhanced by:</p> <ul style="list-style-type: none"> <li>- Involvement of a great number of NAC staff</li> <li>- Holistic approach in terms of both support to auditing, management</li> </ul>                               | <b>NAC, IDI and AFROSAI-E</b> |

| Risk factor                              | Risk sub-factors  | Control measures   | Responsible (main in bold)    |
|--|---|--|-------------------------------|
|  |   | quality control, reporting and dissemination – interlinked processes and systems   |                               |
| <b>Credibility of the SAI undermined</b> | <ul style="list-style-type: none"> <li>- Political conflict in South Sudan where the SAI is discredited as linked to the current government</li> <li>- Staff of the SAI involved in corruption</li> </ul> | <ul style="list-style-type: none"> <li>- Assessment of the risk in the annual meeting</li> <li>- Support to active use of the code of ethics as a part of the audit process</li> <li>- Creating awareness of the risk among the resource persons</li> </ul>  | <b>NAC, IDI and AFROSAI-E</b> |
| <b>Security for resource persons</b>     | <ul style="list-style-type: none"> <li>- Insecurity in Juba especially, but also some risk at other venues</li> </ul>   | <ul style="list-style-type: none"> <li>- Regular assessment of which location is safe for meetings – plan for out-of-country in the current situation</li> <li>- Creating awareness of the risk among the resource persons</li> <li>- Use of the IDI and AFROSAI-E routines for crisis management</li> </ul> | <b>IDI and AFROSAI-E</b>      |

### **Booking of travel**

IDI will book and pay flights and accommodation for NAC staff and resource persons after receiving information about:

- Purpose of travel – reference to relevant project output
- City of the conference, workshop or meeting
- Dates of the event
- Name of travelers (as in the passport)
- From where to where travel is required
- Required documentation:
  - o Copy of passport if not sent previously
  - o Invitation and registration form of the regional event or seminar if relevant

The flight ticket will be sent electronically to the team leader or traveler and expenses accounted for by the IDI. Confirmation of hotel booking will also be sent to NAC. IDI will not cover any extra costs at the hotel, such as extra meals, minibar or laundry.

Only Economy class flights and standard rooms in hotel will be covered. A general principle is that only necessary costs of travel will be covered. Number of travelers and days of travel must should as a general rule be in line with the detailed plan and budget.

### **Booking of conference facilities**

IDI will in accordance to its Procurement policy identify hotels for use for project activities in Juba, Nairobi and Entebbe and other relevant travel destinations. In Pretoria, the AFROSAI-E conference facilities are used. For regional events organized by others, the hotel with the most economical rates should be selected.

Team-leaders who need conference facilities must send the following information to IDI through the NAC Coordination team leader:

- Purpose of using the hotel or conference facility – reference to relevant project output
- Required conference facility (number of meeting rooms and persons each room should cater for)
- Dates when conference facilities are required
- Dates and names for accommodation
- Required airport transport

IDI will make sure the accommodation and conference facilities are booked, paid and accounted.

### **Per diem payments**

Per diems will be paid through bank transfer. IDI will on the basis of the booking of travel and hotel pay per diems according to agreed rules.

**Internet bundle**

To ensure sufficient internet access for the NAC teams supported, an internet-usb's are budgeted for in the project. These must be pre-paid by NAC and refunded by the IDI. Costs must be agreed with IDI on beforehand. Required documentation will be the receipt. IDI will provide a standard form for refund.

**Special account**

If it will be necessary to transfer funds to NAC staff and managers, this will be done to a Special Bank account managed by NAC.

NAC is responsible to make sure the funds are allocated on time to the right persons.

NAC is responsible to provide IDI with the following information annually for accounting purposes: Bank statement showing all the transactions of the account.

## APPENDIX VI: PLATFORM FOR A COORDINATED APPROACH WITH OTHER SUPPORTERS OF NAC

### **Common denominators and justification of collaboration**

The point of departure for this platform is that the strategic priorities of the NAC should be met in a coordinated manner by the current constellation of development partners as well as new partners.

By 2017, several development actors have a previous or current partnership with NAC: The African Development Bank, the World Bank, the US embassy/USAID, the UNDP/IGAD, the Norwegian embassy, the AFROSAI-E and the IDI. The support modality and length of commitment varies between these development partners, but they are all committed to strengthening of the external public audit function in South Sudan.

To enable institutional development and improved performance of NAC, particularly when taking into consideration the fragile state of South Sudan and the incipient civil service, targeted and committed coordination of development initiatives is a precondition. Such coordination is a prerequisite not only to obtain efficient use of resources, but also to accomplish the principles of transparency and accountability. It should also contribute to reduce the transactional costs and administrative burden for the NAC following the maintenance of multiple partner-relations.

### **Coordination mechanisms**

1. NAC will be responsible for coordination between the partners, such as by sharing of relevant plans, reports and agreements.
2. The partners will support NAC to have a strategic plan as well as annual plans which their support activities will be aligned with. The partners will support different areas in line with an agreed allocation of responsibilities updated annually.
3. The partners will establish one common annual meeting with NAC. In the meeting, the NAC will present performance and challenges in all relevant areas. The partners will be able to jointly discuss issues with NAC and consider changes of plans or new initiatives to be taken.
4. The partners will also through the South Sudan DP coordination group related to Public Financial Management (PFM) coordinate and harmonise the support to NAC with other international and national support to PFM systems in South Sudan.

The following are invited to sign:

**The NAC, the African Development Bank, the World Bank, the Norwegian embassy, the US embassy/ USAID, the UNDP/IGAD, the AFROSAI-E and the IDI**

## **Appendix to the platform: Allocation of responsibilities for support to NAC as per 2017**

As per 2017, the following allocation of responsibilities are set:

- **Support cluster 1:** Infrastructure and website needs to be requested **from AfDB and US embassy/USAID**
- **Support cluster 2:** Professional training, capacity building of support staff such as the HR and training function, professional accountancy institute, PFM capacity in government, independence and new legal framework, operational costs (stationary, fuel, etc) and transport **to be requested from the WB**
- **Support cluster 3:** Audit execution and processes (including printing of reports and printing material for the project activities), internal governance (annual plan, QC, reporting system), participation in regional programmes and conferences, and stakeholder relations **to be requested from Norwegian embassy funding and provided by IDI-AFROSAI E and peers in the region.**
- **Support cluster 4: Staff strengthening by UNDP/IGAD**