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THE ROLE OF THE AUDITOR-GENERAL IN TACKLING CORRUPTION



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THE ROLE OF THE AUDITOR-GENERAL IN TACKLING CORRUPTION

Introduction

Among Namibia's governance institutions is the office of the Auditor-General (AG) which plays a unique and important role although the work of the office often seems to be undervalued by Namibia's government. Namibia's AG office is tasked with auditing the Namibian government's accounts.

In other words the institution carries the responsibility of examining and verifying all financial statements, accounts and records compiled and held by government ministries, authorities and agencies. Specifically, this duty extends to all government bodies that have been established by law and are referred to as 'statutory bodies'.¹

Proper and regular auditing of government institutions is vital since audits provide a financial yardstick for the performance of the public sector. Financial conduct is a good indication of the overall performance of government. The Institute of Internal Auditors (IIA), in a report on audits and public sector governance states that:



"Auditing is a cornerstone of good public sector governance. By providing unbiased, objective assessments of whether public resources are managed responsibly and effectively to achieve intended results, auditors help public sector organisations achieve accountability and integrity, improve operations, and instil confidence among citizens and stakeholders."²

Globally, it is accepted that close, continuous financial oversight by an independent, competent and well-staffed supreme audit institution (SAI) – which makes all audit reports publicly available – can have a considerable positive impact on keeping government and its actions transparent and accountable. In addition, it is held that audit activity also curbs the risk of corruption by public officials.³

The Namibian state, it can be argued, broadly recognises the importance of a SAI in good governance, as outlined above. Nevertheless, the country continues to grapple with corruption of which many proven or alleged instances are found in public institutions. The AG's work overall can be characterised as comprehensive, independent and displaying a much higher level of professionalism than a typical Namibian public institution. However, few if any audits compiled and released by the AG's office on the public sector generate actions or even vigorous debate by the legislature.

Consequently, while the AG has consistently made many crucial recommendations on improving the financial performance and accountability of the public sector, little of this has been implemented. It can be argued that the predictable result for Namibia is an overall weak public sector with poor financial oversight. Therefore ensuring government accountability and the potential for curbing corruption by public sector officials and politicians remains substantially limited.

The lack of impact on government's financial performance by the AG is not a unique Namibian challenge.

¹ <http://www.oag.gov.na/governing-legislation>

² IIA, Supplemental Guidance: The Role of Auditing in Public Sector Governance, 2012. 5.

³ Ibid., 5-7.

An online opinion piece by Vivek Ramkumar, of the International Budget Partnership (IBP), which works worldwide with civil society organisations to analyse and improve government budget processes and outcomes, observes that:

“However, too often, governments are able to ignore audit findings with impunity, especially when they do not face pressure to institute remedial measures recommended in SAI reports. In most countries, SAIs cannot sanction the government or compel the executive to take action based on audit reports. Instead, the SAI submits its findings to the national legislature, which must then decide whether to take formal action in response. While legislatures may have the legal authority to demand corrective action, in practice they often fail to sanction their governments or require recommendations be implemented.”⁴

Among relevant stakeholders worldwide, including SAIs' representatives and accountants, there have been on-going discussions to find ways to address the prevalent habit by governments to ignore audit reports and recommendations. In this regard various solutions have been proposed⁵ and some countries have adopted certain mechanisms and regulations, for example at regional and local authority levels, to improve financial oversight.

Besides improving financial accountability and governance, such regulations are also designed to actively trace and prosecute instances of corruption. Thus, for example, since 2016 the city authority of Johannesburg has put processes in place and empowered staff to vigorously uncover and investigate cases of corruption.⁶

This research paper will seek to answer two key questions: firstly what role can/should the AG's office play in the fight against corruption in the public sector; secondly what activities can the AG pursue to improve stakeholders' implementation of audit recommendations?

The paper will briefly sketch out the mandate and functions of Namibia's AG and reflect on the challenges that the office faces in improving public financial performance and accountability through its work with reference to fellow stakeholders (e.g. parliament). This will be followed by a discussion on auditing and corruption in government and the possibility of legal reforms to strengthen the AG.

A brief overview of activities conducted by the Namibia's AG to improve financial oversight within government will be given. The publication will then outline recent, global suggestions with regards to improving SAIs' impact and discuss which of these could potentially be adopted by Namibia's AG. The paper will conclude by offering some critical thoughts on Namibia's AG and the challenge of corruption within the wider context of Namibian society and state.

⁴ Ramkumar, Vivek, “The Rise of the Activist Auditor”, August 1, 2017. <https://www.internationalbudget.org/2017/08/rise-of-the-activist-auditor/>

⁵ Ramkumar, Vivek, “Accountants with Opinions: How can government audits drive accountability?”, November 7, 2016. <https://www.internationalbudget.org/2016/11/how-government-audits-drive-accountability/>

⁶ King, Emilie, “How auditors can help fight corruption in local government”, May 1, 2018. <https://www.accaglobal.com/in/en/member/member/accounting-business/2018/05/insights/fight-corruption.html>



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Mandate and Functions of the Auditor-General

As outlined in the introduction, Namibia's AG is responsible for auditing the accounts of public sector entities on a regular and thorough basis and making appropriate recommendations to address identified issues and concerns. The establishment and broad role of the AG are laid out in the Namibian Constitution under Article 127, which states:

“(2) The Auditor-General shall audit the State Revenue Fund and shall perform all other functions assigned to him or her by the Government or by Act of Parliament and shall report annually to the National Assembly thereon.”⁷

The exact roles and powers are detailed in the State Finance Act 31 of 1991. In addition, the Act also specifies procedures to be followed by the AG's office when carrying out its duties, such as how and when audit reports should be submitted to the Minister of Finance (MoF). Furthermore, the law makes provision for the president to have the AG audit public institutions which are not statutory bodies – if the president decides that such an action is needed.⁸

The mandate of the AG is summarised in Info Box 1. It should be noted that according to the State Finance Act 31 of 1991, all finalised audit reports including those on individual statutory bodies, should be submitted to the audited institutions as well as the MoF. The Minister in turn bears responsibility for submitting the audit reports to the National Assembly (NA).⁹

Info Box 1: Summary of the Duties and Powers of the Auditor General

The Auditor-General is tasked with the investigation, examination and audit of the account books, accounts, registers or statements which are to be kept or prepared in terms of any law in connection with the receipt, custody, banking, payment or issue of money, stamps, securities, equipment and stores by any statutory institution and which are in terms of any law to be investigated, examined and audited by the Auditor-General.

The Auditor-General has to satisfy him or herself:

- That all reasonable precautions have been taken to ensure that all moneys, to which the investigation, examination and audit relate, are collected;



⁷ GRN, The Constitution of the Republic of Namibia, 2018. 68.

⁸ GRN, State Finance Act 31 of 1991 as amended by Public Service Act 13 of 1995, November 1, 1995. 19 – 22.

⁹ Ibid., 21 – 2.

- That the laws, relating to the collection of such moneys have been complied with;
- That all reasonable precautions have been taken in connection with the receipt, custody and issue of, and accounting for, stamps, securities, forms having a face or potential value, equipment, stores and other movable goods;
- That expenditure or payments in respect of which authorisations or approvals are required in terms of this Act or any other law have been incurred or made under and in accordance with such authorisations or approvals and have been supported by adequate vouchers or other proof.
- The Auditor-General may, in his or her discretion, determine the extent of any investigation, examination and audit and require any person to appear before him or her and avail information as deemed necessary in regards to the investigation, examination and audit in question;

The Auditor-General or any competent person employed in the office of the Auditor-General:

- Shall have access to information which they may deem necessary for an investigation, examination and audit in terms of this Act;
- May request such particulars, accounts and statements as he or she deems necessary for such an investigation, examination and audit;
- May, without payment of any fee, investigate and make extracts from, or copies of, any book, voucher or document which he or she deems necessary for such an investigation, examination and audit;
- May investigate whether any monies in question have been expended in an efficient, effective and economic manner;
- May investigate and enquire into any matter, including the efficiency of internal control measures, connected with expenditure chargeable to, and revenue to the benefit of, the State Revenue Fund or the funds of the statutory institution concerned.
- May administer an oath to or accept an affirmation from any person whom he or she thinks fit to interrogate in connection with an investigation, examination and audit in terms of the Act, or in connection with any other matter which the Auditor-General deems necessary for exercising his or her powers or performing his or her duties.

The President may require the Auditor-General to investigate, examine and audit any body, association or organisation other than a statutory institution, as if such body, association or organisation were a statutory institution.

If the President is of the opinion that such account should be excluded from a detailed examination due to the confidential nature of any account; the President may determine to what extent the investigation, examination and auditing thereof is to be carried out and which vouchers are to be made available for such an audit.¹⁰

¹⁰ Adapted from: <http://www.oag.gov.na/governing-legislation> & GRN, State Finance Act 31 of 1991 as amended by Public Service Act 13 of 1995, 20.



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Assessing and acting on public audits: National Assembly

It is clear from the previous section in this paper that the mandate of Namibia's AG is well defined in the country's laws. Furthermore, it is important to note that the AG's powers are restricted to audit activities of public sector entities exclusively. These powers are not negligible as can be seen from the summary in Info Box 1.

Thus for example the AG has extensive powers when it comes to requesting and accessing information from public institutions and individuals in the course of conducting audits. The AG can also determine the extent of an audit investigation and thus is not limited to what the respective public institution that is being audited thinks is appropriate to submit.

However, the AG is not sanctioned to undertake any activities that go beyond audit functions. After the completion of an audit the AG makes specific recommendations laying out how financial oversight shortfalls of the audited institution should be addressed based on the findings of the audit. The duties of the AG effectively are complete once the audit reports have been submitted to the NA via the MoF.

Careful review and consideration of the audit reports and the findings should be undertaken by the legislature as it is parliament's duty to scrutinise government performance closely to ensure that the public interest is secured. This financial performance oversight by parliament is also by default closely related to government's budget processes.¹¹

The NA's mandate to review reports on government's activities, including audited accounts, is enshrined in Namibia's Constitution under Article 63.¹² Practically, two of the NA's standing committees - Public Accounts and Economics and Public Administration - play an important role in monitoring and reviewing various matters related to public institutions' activities and performance. As the names suggest, the two committees hold parliamentary oversight responsibility of government institutions with regards to the economy, public administration and auditing.

Functions and powers of committees are stipulated in the standing rules and orders of the NA as well as in the terms of references for each committee.¹³

Thus, for example, the standing committee on Economics and Public Administration has a duty to "consider any matter they deem relevant" relating to government institutions including, among others, the MoF, National Planning Commission (NPC), and Ministry of Works and Transport (MoWT).¹⁴

The committee on Public Accounts is tasked with reviewing, considering and reporting on all public accounts related to the annual budget and all audits produced by the AG. And following such examination the committee should make recommendations for improvement to the NA "for consideration and debate."¹⁵

¹¹ National Assembly, The Parliamentarian's Handbook: National Budgeting Process in Namibia, 2018.12-3.

¹² GRN, The Constitution of the Republic of Namibia, 37.

¹³ National Assembly, 56-7.

¹⁴ Ibid., 57.

¹⁵ Ibid., 58.

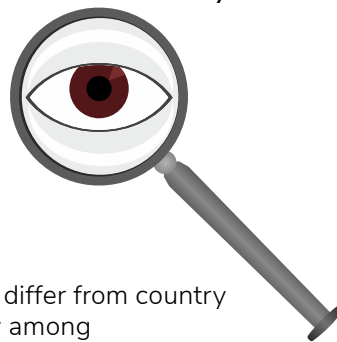
Besides their individual terms of references, the committees' scope for action is guided by overarching terms of references for standing committees of the NA. These allow for the requirement of attendance by officials from public sector entities at "investigative or oversight hearings" on government performance, the organisation of meetings between public stakeholders, parliamentarians and representatives from public institutions to exchange views on government operations, and the compiling of recommendations on any relevant government activity including budgeting, staffing, policy formulation and so forth.¹⁶

The above discussion illustrates two important points regarding the financial oversight of government accounts in Namibia. First, at least on paper, the country's legislature has been given significant powers to be able to fulfil its role of overseeing government's performance and holding to account senior public and political officials. Second, it is clear that the AG's mandate is firmly restricted to auditing; it has no formal enforcement powers of its own to ensure that public sector institutions implement or comply with audit recommendations.

Why do parliaments often fail to act on audit reports?

In an ideal world, the legislature in a democratic system is the central body that should act upon findings and recommendations by the SAI with the overarching goal of improving government performance and accountability.

However, as has been pointed out at the beginning of this paper, many legislatures worldwide fail to give audit reports of public institutions the attention they deserve and do little or nothing to ensure that the SAI's recommendations are implemented.



There are a number of reasons for this inaction which can differ from country to country. IBP's Ramkumar notes that ruling party loyalty among parliamentarians can act as a disincentive to act on audit recommendations. Particularly in political systems where parties and their leadership wield significant powers, individual parliamentarians affiliated with government would find it difficult to be overly critical of public institutions which are led by leaders of their own party.¹⁷

This situation appears to apply in Namibia – it is noticeable for example that parliamentarians of the ruling Swapo Party hardly take the opportunity to pose public questions to ministers.¹⁸ While perhaps being freer to critique government openly, opposition parliamentarians are also likely to follow their party's lines.¹⁹

Theoretically, members of parliament (MPs) could be more active and critical of government performance in parliamentary committees based on audit information. However, the executive would likely find it easy to ignore committee reports and recommendations unless these are tabled in parliament and debated. It is unfortunate to note that the official parliament website of Namibia did not carry a single report of the NA's standing committees at the time of writing.²⁰

¹⁶ Ibid., 56-7.

¹⁷ Ramkumar, Vivek, "The Rise of the Activist Auditor".

¹⁸ Weylandt, Maximilian and Wolf, Ndeapo, Parliamentary Questions in Namibia: Asking, Answering and Accountability, July 2018. 4.

¹⁹ Hopwood, Graham, Guide to Namibian Politics, 2008. 47.

²⁰ See <https://www.parliament.na/>



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Ramkumar also notes that MPs also often lack understanding of audit reports, which by default are technical and steeped in language and jargon familiar to accountants and professionals in finance – but not necessarily to parliamentarians or the public at large.²¹

MPs' limited grasp of audit reports would negatively impact the legislature's ability to critically reflect and act on audit recommendations. Besides exceeding the scope of this paper, it is difficult to comprehensively assess MPs' skills and abilities to examine and comprehend audits. However, there are at least some indications that MPs face challenges overall in carrying out their duties. A report on parliamentary question sessions in Namibia noted that MPs often struggle to pose well-researched and phrased questions and face constraints such as a lack of parliamentary support staff.²²

Info Box 2: Audit Opinions and their Meanings

Audits classify the financial performance of an audited entity according to four different “audit opinions”. Such opinions essentially summarise the overall findings of the audit and therefore serve as a benchmark of a given institution and its financial performance over a given period of time.

It should be noted that audit opinions are based on the documents, statements and accounts presented to and reviewed by the auditors. Hence if certain information is withheld or not available at the time of the audit for any reason, this can affect the accuracy of an audit opinion. In general, auditors will make reference to such possible omissions if they are aware of them.

The four audit opinions are as follows:

1. Unqualified – this is the most favourable audit opinion that can be attested by an audit. It indicates that the audited entity's finances are properly accounted for and reflected in the statements;
2. Qualified – this is the second best opinion that can be given in an audit. It indicates that while some issues or “misstatements” have been discovered in the accounts, these are not deemed to be substantial. Therefore the accounts of the entity are seen as in order.
3. Adverse – such an opinion indicates that an audit has uncovered both substantial and significant discrepancies in the financial statements submitted by an organisation. The accounts do not reflect the true financial health and performance of the entity. Such an audit opinion is damning and essentially indicates that funds have likely been mismanaged and that fraudulent activities might have taken place.

²¹ Ramkumar, Vivek, “The Rise of the Activist Auditor”.

²² Weylandt, Maximilian and Wolf Ndeapo, 11-2.

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4. Disclaimer – this assessment essentially indicates that the audit is unable to provide an opinion on the financial performance of an entity. It indicates that auditors were given insufficient information and access to accounts. While perhaps not as outrightly problematic as an adverse opinion, it could be interpreted as indicative of poor accounting practices at the audited entity.²³

In Namibia the AG often utilises another audit classification, although this cannot be seen as an opinion. Many public institutions simply fail to submit their financial statements on time or at all. This is recorded in AG reports as “non- or delayed submission of financial statements”.²⁴ Clearly this is a serious and widespread issue that negatively impacts the government audit process and significantly hampers financial oversight of the public sector. This issue is also regularly mentioned by the Auditor-General, Junias Kandjeke, as a major impediment to his office's work.²⁵

Auditing and Corruption

The lack of tangible action on the side of parliament, public institutions and the government in general should be of significant concern to Namibian citizens. Corruption is a reality in the country and poor financial oversight at public institutions can and does both facilitate and encourage corrupt activities.

These can range from the undue influence on tender awards and hiring of staff, to outright misuse of government property and theft of monies. It is difficult to measure the extent of corruption in Namibia, as well as making an informed judgement on the effectiveness of anti-corruption efforts.

According to the annual Corruption Perceptions Index (CPI) of Transparency International (TI), Namibia has slowly improved its overall score over recent years. In 2012 the country scored 48 out of 100 points on the CPI while in 2018 Namibia reached 53 points, and 52 points in 2019. Namibia also ranks among the top performing Sub-Saharan Africa countries in the CPI.²⁶

However, national surveys and publications present a more nuanced take on levels of corruption and the effectiveness of anti-corruption strategies.

²³ GRN, Activity Report 2013/14 – 2016/17, n. d. 52.

²⁴ Ibid., 59.

²⁵ Brandt, Edgar, “Auditor General’s Office launches first-ever Activity Report”, New Era, January 24, 2019. <https://neweralive.na/posts/auditor-generals-office-launches-first-ever-activity-report>

²⁶ See <https://www.transparency.org/cpi2019>.



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An IPPR paper by Frederico Links argues that severe institutional and capacity shortfalls within Namibia's judiciary are undermining the criminal justice system and hampering anti-corruption efforts.²⁷

There is evidence that citizens increasingly feel that corruption is worsening and that government is failing to address it. Afrobarometer, a nationally-representative perception survey records that 63 percent of respondents felt that corruption had increased “a lot” or “somewhat over the last year” in 2014.²⁸ Notably, this already high figure increased to 77 percent for the 2017 survey. Concurrently, the survey found that in 2017 only 33 percent of respondents felt that government was handling the fight against corruption fairly or very well.²⁹



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Regarding the level of financial accountability and transparency displayed in the public sector AG audit reports often find that adequate financial oversight and performance remain a serious concern. Thus for example the AG's summary audit report for the financial year (FY) 2014/15 states that 12 out of 31 of audited government “Ministries / Offices / Departments” received a qualified audit opinion.³⁰

While this audit assessment is not necessarily severe (See Info Box 2), it does indicate that many government institutions do have an issue with keeping their accounts in order. A more recent summary report from the government audit office paints a mixed picture regarding the accounts of public institutions over a period of three years.

On the one hand there has been a marked improvement of audit opinions issued to ministries and agencies. In 2015/16 24 government ministries and agencies were issued with an unqualified audit opinion compared to 2013/14 when 17 institutions achieved this audit opinion. On the other hand and in contrast to this positive assessment most regional and local authorities continue to perform poorly with regards to annual audits.

For example, among regional and town councils only one or two achieved unqualified audits for the three years under discussion. Indeed a number of regions, including Hardap and Khomas, and towns such as Oshakati and Rundu, were given an adverse audit opinion³¹ – the worst audit opinion that can be issued. An adverse audit opinion essentially indicates that an institution's financial statements are “misrepresented, misstated and do not accurately reflect its financial performance and health”.³² In other words, an adverse opinion implies that an institution's accounts are not just inaccurate, but also likely falsified or untruthful. While such an audit opinion does not necessarily prove that corruption is taking place, the likelihood of graft is high – at the least it can be surmised that monies have been mismanaged.

²⁷ Links, Frederico, Creaking under its own weight: How backlogs, bottlenecks and capacity constraints undermine the criminal justice system's contribution to Namibian anti-corruption efforts, December 2018.

²⁸ Weylandt, Maximilian, The Namibian Anti-Corruption Strategy 2016-2019: An overview and analysis, April 2017. 2.

²⁹ Survey Warehouse, Summary of Results: Afrobarometer Round 7 Survey in Namibia, 2017, n. d. 27 & 39.

³⁰ GRN, Summary Report of the Auditor General on the Account of the Government of Namibia for the Financial Year ended 31 March 2015, November 2016. 4.

³¹ GRN, Activity Report 2013/14 – 2016/17, n. d. 56-8.

³² <https://www.investopedia.com/terms/a/adverseopinion.asp>

What is also worrisome is that many towns and village councils are given a “disclaimer of opinion” for neglecting to provide financial information, meaning that a proper audit cannot take place.³³ Yet without an audit and its accompanying opinion there is no accurate information regarding the financial performance and status of the institution. At best this means that accounts of many towns and village councils are in disarray, or at worst that financial management is deliberately sabotaged to hide fraudulent activities.

Municipalities and Public Enterprises (PEs) are public entities that also tend to perform poorly in their annual audits. For example, three municipalities were given an adverse audit opinion while only one out of 13 municipal authorities received an unqualified audit in 2015/16.³⁴ According to a recently released report, the AG audits 38 PEs, statutory bodies, funds and trade accounts. A majority of these institutions consistently delay submission or do not submit financial statements at all to the AG with the result that no annual audit opinion was available. This was the case for 23 out of 38 PEs, statutory bodies, funds and trade accounts in both 2014/15 and 2015/16.³⁵

The generally negative auditing history of local authorities and PEs, and with it concerns about high levels of maladministration and corruption, are reflected in regular local media reports and research publications. Thus local newspapers and other media outlets regularly feature stories of alleged or proven corruption in Town and Village Councils³⁶, and at PEs.³⁷

Given this, while there does appear to be some improvement at the central government level of audit results over recent years, the financial performance and oversight of public institutions at regional and local levels, as well as at PEs, remains poor and conducive for corrupt practices.

Expanding the mandate of the AG?

It is evident from the description and analysis above that while the AG’s office has over the years conducted a considerable amount of audits and made a host of recommendations to improve the financial oversight and performance of public institutions, few of these recommendations have been implemented. Consequently, a strong case can be made for reviewing the role of Namibia’s SAI.

Auditor-General Junias Kandjeke has acknowledged the lack of implementation of the recommendations issued by his office³⁸ and has called for an expansion of the AG’s powers to counter non-compliance with audit recommendations by public institutions, according to newspaper reports.³⁹

³³ GRN, Activity Report 2013/14 – 2016/17, 57-60.

³⁴ Ibid., 62.

³⁵ Ibid., 63.

³⁶ See for example: Kambove Kenya, “Discipline corrupt politicians - Noa”, Namibian Sun, August 13, 2018. <https://www.namibiansun.com/news/discipline-corrupt-politicians-noa2018-08-12> and Nampa, “ACC arrests former Rehoboth council officers”, The Namibian, February 25, 2017. <https://www.namibian.com.na/161743/archive-read/ACC-arrests-former-Rehoboth-council-officers>

³⁷ Links Frederico & Haimbodi Malakia, Governance Challenges in the SOE Sector, December 2011. 3.

³⁸ Amukeshe Lazarus, “Ministries financially unaccountable”, The Namibian, January 24, 2019. <https://www.namibian.com.na/74927/read/Ministries-financially-unaccountable>

³⁹ Kaira Chamwe, “Auditor General prays for more powers”, Windhoek Observer, June 8, 2018. <https://www.observer.com.na/index.php/business/item/9898-auditor-general-prays-for-more-powers>



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Kandjeke stated that there was a growing trend in Africa to expand and strengthen the mandate of SAs to improve oversight of finances and to become more accountable to taxpayers and citizens. He noted that countries such as Ghana and Malawi had given additional powers to their public audit institutions.⁴⁰

On the surface, the proposal of expanding the powers of SAs is a sensible and indeed overdue measure to improve financial performance and discourage corruption in the public sector. However, there are a number of caveats to this argument that need to be considered. These points are listed below and will then be discussed in more detail:

1. The role of SA as an external, impartial and independent agency cannot conflict with an audited public institution's operations and management
2. Limitations of audits to detect and uncover obvious cases of corruption
3. Limitations of legal reforms without broader changes in institutional management, leadership, parliament, and the society at large

SAI as an external, independent and impartial agency

It should be noted that the author of this paper was unable to source any significant literature regarding if and how SAs should go about ensuring that audit recommendations are adhered to by public institutions. Instead, the literature primarily emphasises globally accepted audit standards and principals that auditors should adhere to. Namibia's AG is a member of the International Organisation of Supreme Audit Institutions (INTOSAI).⁴¹ INTOSAI is a non-governmental global, umbrella organisation for SAs and provides an "institutionalised framework" for its members to exchange knowledge and improve public auditing.⁴²

With regards to the auditing of public institutions, the literature discusses the important role that audits play in securing and maintaining good governance and what SAs and smaller audit departments require to conduct their work in an effective and efficient manner.⁴³ Comparatively, specific discussions around improving the implementation of audit recommendations at public entities are limited and mostly found in opinion pieces and short website articles.⁴⁴

Why then does it appear that there is rather little formal and in-depth discussion on SAs and the enforcement of audit recommendations? To answer this question it is necessary to look at the principles that auditors should observe when conducting their work. In the literature it is stressed that auditors need to be independent and objective. Independence means that SAs need to be guaranteed a high level of organisational independence with regards to operations and management.⁴⁵

⁴⁰ Ibid.

⁴¹ <http://www.oag.gov.na/oag-brief-history>

⁴² <http://www.intosai.org/about-us.html>

⁴³ See for example: IIA, Supplemental Guidance: The Role of Auditing in Public Sector Governance, January 2012.

⁴⁴ See for example: Law Mike: Opinion – Editorial: State Capture – Auditor-General's powers should be beefed up to tackle loss of funds, Daily Maverick, March 15, 2018. <https://www.dailymaverick.co.za/article/2018-03-15-op-ed-state-capture-auditor-generals-powers-should-be-beefed-up-to-tackle-loss-of-funds/>

⁴⁵ IIA, 6.

For example, the AG office should have considerable leeway and discretion in hiring staff and managing its budget.⁴⁶ Undue interference by government or politicians, e.g. by pressuring the AG to hire specific individuals for senior positions, could compromise the audit institution's independence. If senior staff owe their position to some politician it is highly likely that this could influence their professional conduct and judgment. The IIA guidance report is explicit on the need for SAI independence, stating:

“Because the public sector auditor's role is to provide unbiased and accurate information on the use and results of public resources, auditors must be able to conduct and report on their work without interference or the appearance of interference. Independence is achieved when the audit activity reports outside the hierarchy of the organisation and activities under audit and when auditors are free to conduct their work without interference, restrictions, or pressures from the organisation being audited.”⁴⁷

Furthermore, SAls should be objective when carrying out their duties. This applies particularly to the conduct of staff. Hence, government auditors and support staff should crucially “avoid any conflict of interest” influencing their work. A conflict of interest arises if an auditor holds a professional or personal interest in an institution that he/she is tasked to audit.⁴⁸ High levels of objectivity and the avoidance of possible conflict of interest are enhanced by an overall competent and educated SAI staff and the adherence to codified audit standards.⁴⁹ This is why SAls and audit associations stress the importance of professional conduct and the observance of international audit standards.



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The principles auditors should apply to their work matter profoundly when it comes to the question of implementing audit recommendations. Since it is essential that auditors remain impartial, independent and objective when conducting audits they cannot take part in implementing or enforcing audit recommendations at audited institutions – i.e. they would become involved in the running organisations.⁵⁰

The literature is very clear in this regard:

“Although auditors may, in an advisory role, provide technical advice and make recommendations to management, they may not make management decisions or assume a management role. Moreover, they must maintain independence and objectivity for subsequent audits conducted in any program that has received significant levels of advice or assistance in its formative stages. In other words, auditors should not audit their own work.”⁵¹

As a result SAls, including Namibia's AG office, are limited by their audit roles when it comes to implementing audit recommendations at public institutions. Therefore, any calls for the AG to actively involve himself in the management of government agencies, funds and trade accounts and PEs are unrealistic.

⁴⁶ Khan, Muhammad Akram, Role of Audit in Fighting Corruption, September 2006. 23.

⁴⁷ IIA, 19.

⁴⁸ Ibid., 7.

⁴⁹ Ibid., 7-8.

⁵⁰ Ibid., 22.

⁵¹ Ibid.



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Limitations of audits to detect corruption

The role of SAs primarily concern the proper auditing of public institutions and making recommendations to appropriate government entities to improve public sector financial performance and oversight. It can be argued that the detection of instances of corruption is a secondary function of SAs. The IIA guidance report states clearly that detection of incorrect, suspicious, illegal and fraudulent acts is part of the audit role. IIA further mentions some specific audit and investigation types that can be utilised to detect as well as test and strengthen internal procedures to deter fraudulent activity.⁵²

Notwithstanding this, available literature offers limited clarity on exactly how the auditing of public institutions curbs corruption. Many researchers do find that regular and comprehensive audits contribute to the prevention and detection of corruption in government.⁵³ But to what extent is unclear.

Muhammad Akram Khan takes issue with the argument that public auditors can detect corruption. He argues that this is due to the fact that corruption is often used interchangeably with fraud. However, in his view the crime of fraud is distinct from corruption, arguing that the former activity leaves physical records that can be traced, while the practice of corruption often leaves no paper trail. He notes that, at the time of publication of his paper (2006), there was a distinct lack of literature on auditing and corruption, as well as a lack of global guidance and tool-kits for SAs to detect corruption.⁵⁴

Indeed, Khan's 12-year-old observation that government auditors are not really equipped and capacitated to address corruption is borne out by a current literature review on the subject by Ebrahim Ahmed Assakaf, Rose Shamsiah Samsudin and Zaleha Othman. The authors' surmise that:

"Although evidence suggests that public sector auditing helps to combat corruption, there is still a huge gap in the knowledge of this area, especially concerning the functional role of public sector auditing in corruption detection and deterrence in developing countries. Moreover, there is a scarcity of literature that explains in depth how audit types conducted by the SAI may contribute to a reduction in corruption, and which types of audit are more effective."⁵⁵



Indications are that audits are not necessarily strong enough tools to uncover corruption. They can, without a doubt, contribute to the detection of suspicious or illegal financial conduct and management and they are effective in pinpointing areas of concern in the financial dealings of individual institutions. Consequently, such "opportunities for corruption" can then be proactively addressed. Identifying areas of concern, however, does not constitute identifying corruption.⁵⁶

The literature reviewed as part of this research furthermore makes little distinction between detecting and preventing corruption. This is unfortunate, since it is clear that these are two important but differing results of effective public auditing.

⁵² Ibid., 15-6.

⁵³ Assakaf, Ebrahim Ahmed, Samsudin Rose, Shamsiah and Othman, Zaleha, Public Sector Auditing and Corruption: A Literature Review, in Asian Journal of Finance & Accounting, 2018. 229-30.

⁵⁴ Khan, 3 & 27.

⁵⁵ Assakaf, Ebrahim Ahmed, et. al. 226.

⁵⁶ Khan, 5.

There is some evidence that suggests that these two outcomes require separate types of audits. For example, it has been argued that performance audits are a good method to prevent and deter corrupt practices. Conversely, issues uncovered by general or performance audits should be further investigated utilising fraud investigation tools to determine if corruption has in fact taken place or whether issues identified are just the results of poor bookkeeping.⁵⁷

This discussion indicates that audits carried out by SAs on public institutions have their limits when it comes to uncovering corruption. It appears that targeted fraud investigations are more suited to detecting graft. Further research into this area is required. It is, however, clear that audits do play a role in detecting corruption by indicating which public institution or department displays suspicious or questionable accounting practices and should be investigated in more depth.

Limitations of legal reforms

Legal reforms to strengthen SAs, and compel governments to act more on public audit recommendations are being discussed internationally as well as regionally. South Africa, for example, has enacted new legislation that will allow the country's AG to refer issues of concern directly to investigative authorities such as the public prosecutor.⁵⁸ Recent global discussions among public auditors, internal audit departments (as a part of a local authority for example) and SAs emphasise the importance of a strong legislative framework to capacitate public auditors.⁵⁹

While the call for and adoption of enhanced legislation for SAs has its merits it should not be taken as a given that such measures will automatically and quickly improve the implementation of audit recommendations at public institutions. Laws are dependent on them being understood, internalised and implemented at government level. Apart from taking time, this process has to be actively supported and pursued by senior civil servants, who also have to ensure that the relevant legislation and regulations are applied throughout the bureaucracy. In a dated, but nevertheless still relevant study, Matt Andrews analysed the impact of reforms to improve financial oversight and performance in 31 African countries. One of his main findings was that:

***“African public financial management systems generally suffer from an implementation deficit—laws and processes may be in place but seldom affect actual behaviour.”*⁶⁰**

While Namibia is not included in Andrews' study it does pose questions with regard to how impactful a focus on new laws and improved processes really can be. His analysis suggests that better laws, regulations and the strengthening of financial procedures in many African nations have improved budgeting – characterised as a fairly easily attained achievement. However, he also notes that such reforms do seem to have their limits and finds little evidence that they have led to better budget expenditure or oversight – an arguably much more difficult and complex task.⁶¹

⁵⁷ Assakaf, Ebrahim Ahmed, et. al. 230.

⁵⁸ Bizcommunity, New law will give the Auditor-General the 'right to act', but will it be enough? November 23, 2018. <https://www.bizcommunity.com/Article/196/511/184690.html>

⁵⁹ King.

⁶⁰ Andrews, Matt, How Far Have Public Financial Management Reforms Come in Africa? May 2010. 1.

⁶¹ Ibid., 4-5 & 17.



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Thus, it can be argued that the impact of law reforms regardless of their sophistication is limited by the overall institutional setup, effectiveness and culture of the prevailing government and the bureaucracy.

Various sources underline that a strong legislative framework can only function properly when it goes hand-in-hand with competent and ethical staff and management to implement the said laws and hold people to account.⁶² This invariably requires long-term investments in professionalising public auditors and civil servants, dedicating adequate resources and most important of all, fostering a strong culture of accountability, transparency and integrity in the public service.

Discussion: Namibia's scope for reform

The discussion of the three issues above with regard to extending the powers' of SAs cautions against rushing into new regulations to enlarge the mandate of Namibia's AG. It is important to observe that the Namibian government does at times delay or outrightly fail to implement and enforce legislation.

Past and recent examples of implementation shortfalls are not uncommon.⁶³ It can also be argued that government has at times displayed poor judgement by tabling bills which are poorly framed, unclear and potentially unconstitutional.⁶⁴ A brief by the Commonwealth Parliamentary Association UK, which conducted a training programme with Namibia parliamentarians and parliamentary staff, noted that participants felt that:

“...government produces poor quality bills. In addition, there is not enough time to scrutinise bills as bills are hurriedly tabled and passed by the Parliament.”⁶⁵

While Namibia's overall governance quality cannot be described as overtly weak – particularly within a regional context – an envisioned legislative reform to give the public auditor more powers will take significant time to formulate, table and implement. Conversely, there are practical steps and mechanisms that the AG should be able to implement within a fairly short- to medium-term timeframe to improve financial performance of public institutions. It is thus perhaps more advisable to concentrate on these measures while awaiting the promised, but still elusive, expansion of the AG's mandate.

Finally, it is notable that a Namibia country review, undertaken in 2015 to assess progress in adhering to the United Nations Convention against Corruption (UNCAC), does not mention the AG's office. Instead, the substantial review report states:

“Key institutions in the fight against corruption include: the Prime Minister's Office, National Assembly, Namibian Anti-Corruption Commission (ACC), Office of the Prosecutor-General (PG), Ministry of Justice, Namibian Police Force (Nampol), Public Service Commission, Financial Intelligence Centre (FIC) and the judiciary.”⁶⁶

⁶² King.

⁶³ See for example: Remmert, Dietrich, Water Governance in Namibia: A tale of delayed implementation, policy shortfalls, and miscommunication, Institute for Public Policy Research, September 2016.

⁶⁴ See for example: Weylandt Maximilian, The Local Authorities Amendment Bill: A Time to Pause and Rethink? Institute for Public Policy Research, October 2015.

⁶⁵ Commonwealth Parliamentary Association UK, Namibia – Programme on Legislative Scrutiny: Report Summary, November 8-11, 2018. 3.

⁶⁶ UNODC, Country Review Report of the Republic of Namibia, n. d. 3.

Given that UNCAC is a widely-endorsed international convention on corruption it can therefore be argued that SAs are globally not necessarily seen at the forefront in countering graft.

Global suggestions to improve government adherence to audit recommendations

International organisations such as the Organisation for Economic Cooperation and Development (OECD) and the IBP have explored possible avenues to improve SAs' work and impact with stakeholders. As a result public audit institutions should consider the following suggestions:

1. Forging closer links and relationships with other key actors who focus on government fiscal performance and accountability. These include the legislature and parliamentary public accounts committees and anti-corruption agencies. Even with expanded powers, SAs will require the support of other players to enact audit recommendations. Stronger relationships with fellow stakeholders should help in this regard.⁶⁷
2. Fostering more and regular cooperation and exchange of information with the media, individual journalists and the public at large. Besides improving the publicity of major failures of accountability at individual public institutions, SAs can in this way also raise understanding of their functions in society, which would hopefully exert further pressure on government to improve the utilisation of tax revenue and overall accountability around the use of public finances. More public hearings and general involvement could also assist in uncovering specific areas and institutions of concern. Overall, SAs would benefit from improving their communication.⁶⁸
3. SAs should aim to link their reports "with other decision-making processes, particularly those related to government budgets." Thus, for example, critical audit reports on individual government agencies should be released just prior to annual budget considerations by parliament.⁶⁹
4. Public audit institutions should also not shy away from communicating and working with civil society organisations (CSOs). IBP especially endorses this approach noting that closer engagement between the SAs and CSOs is mutually beneficial. The latter can champion the need for a well-resourced and independent SAI, share information on critical government areas and are often "better placed than SAs to implement communication strategies that can pressure governments to take remedial action on audit findings."⁷⁰
5. SAs should support and encourage the growth and professional conduct of the accounting profession. According to the OECD, a country's improved accounting profession correlates positively with lower corruption incidents on international graft indexes.⁷¹



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⁶⁷ Ramkumar, Vivek, "Accountants with Opinions: How can government audits drive accountability?"

⁶⁸ Ibid.

⁶⁹ Ibid.

⁷⁰ Ramkumar, Vivek, "The Rise of the Activist Auditor".

⁷¹ King.



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Overall, these are sensible suggestions that Namibia's AG should consider. In many ways the country's public audit institution already conducts most if not all of the above activities in some form or other.

This is evident from the Activity Report which covers and summarises the AG's work over three years. In terms of fostering closer ties with stakeholders the report states:

"The OAG has improved its communication with stakeholders through career fairs, trade fairs and the website. As a form of transparency, all tabled reports are published on the website of the office."⁷²

It should also be noted that the AG acknowledges the importance of "stakeholder engagement and communication" which is one of four strategic pillars of the institution as outlined in its Strategic Plan 2017-2022.⁷³ Accordingly, the AG carries out a wide number of reported activities that fall under this pillar. For example, the AG reports that it regularly carries out stakeholder meetings with Parliamentary Standing Committees on Public Accounts (PAC) and education sessions with members of the PACs. According to the AG's Activity Report it carried out "13 targeted stakeholder education sessions."⁷⁴ The report also lists stakeholders that are regularly engaged by the AG and under which activity, including the media, with staff taking part in "television and radio interview sessions." Furthermore, the AG communicates with the general public through "outreach campaigns" at universities and high schools.⁷⁵



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It can be observed that Namibia's AG is already conducting a number of activities which are recommended internationally, to strengthen financial performance and accountability of the public sector, which do not require extensive legal reforms. However, it is difficult to assess the impact of these activities. Besides the fact that AG reports provide only fairly basic information on such activities, it is not easy to assess their impact. Furthermore, many, if not all, of the proposed measures for SAIs can be described as 'soft' in that they rely on communication, coordination and building a variety of relationships to advance the role of public auditors and generate broad support for improving public sector financial performance and accountability. They do not advocate for a 'hard' approach by seeking legal ways to enforce adherence to audit recommendations or prosecuting public officials.

However, this does not necessarily mean that the proposed approaches are weak. A strong and close institutional relationship between a SAI and an anti-corruption agency could be advantageous for both parties. The latter would be able to better follow up fraud leads and build strong cases, while the former would gain influence and respect with public institutions and officials beyond its mandate due to its ability to effectively inform and mobilise dedicated anti-graft measures. Thus, it is perhaps not far-fetched that a strong working relationship between Namibia's AG and ACC or PG could lead to successful anti-corruption efforts, as well as discourage graft within the public sector.

⁷² GRN, Activity Report 2013/14 – 2016/17, 16.

⁷³ GRN, Strategic Plan 2017-2022, 9.

⁷⁴ GRN, Activity Report 2013/14 – 2016/17, 9, 16 & 42.

⁷⁵ Ibid., 38.

It is interesting to note that a number of observers also stress the importance of CSOs in government auditing and financial accountability. IBP's Ramkumar for example states that:

“...CSOs can champion the need for independent and empowered SAls. CSOs can also use their expertise on social sector topics and their presence on the ground to share information on critical areas of government operations that merit audit scrutiny.”⁷⁶

Unfortunately, Namibia's CSOs are weak and their resources limited. It also seems that regular engagement between the AG's office and CSOs is limited. For example, CSOs and their relationship with the AG is hardly mentioned in the Activity Report 2013/14 – 2016/17.

Analysis: AG's activities regarding poor government efficiency and identified issues

Utilising its existing powers, Namibia's AG conducts audits and investigations of public institutions where specific financial performance issues have come to the fore. These activities are not necessarily centred on uncovering corruption but to address identified issues around poor financial performance and accountability.

Thus, the public auditor can conduct investigations to ascertain if government funds were utilised in an efficient, effective and economic manner; such investigations are called performance audits. Apart from being able to initiate such investigations independently, the AG also has the discretion to determine the extent and depth of such an investigation (See Info Box 1).

The AG also has the power to conduct special investigations pertaining to the “risks of fraud and corruption”. Such investigations are also called forensic audits.⁷⁷ Furthermore, it is apparent that specific activities are conducted with government ministries, agencies or departments given persistent concerns raised in general audits. Thus, for example, the public audit office hosted interventions with two types of local authorities: Village and Town Councils.⁷⁸

It is clear from AG reports that many of these local authorities consistently perform poorly in their annual audits or even fail to submit their financial statements in a timely manner. These interventions have been used to discuss the audit issues with councils as well as the relevant line ministries in a solution-orientated effort as opposed to assigning blame. Councils, with the support of the Ministries of Finance (MoF) and Urban and Rural Development (MURD), have drawn up a list of resolutions to address identified issues and concern. The resolutions prescribe training for human resource staff and local authority councillors, adopting common reporting standards, and adhering to the timely submission of accounts as required by the law. Of note is that a number of resolutions call for the active cooperation between various stakeholders to identify and adopt solutions to specific issues.⁷⁹ This reflects an earlier point made in this paper with regards to the mandate of SAls – which holds that they cannot take over management functions of a respective public institution as this would violate their core responsibility.

⁷⁶ Ramkumar, Vivek, “The Rise of the Activist Auditor”.

⁷⁷ GRN, Activity Report 2013/14 – 2016/17, 50.

⁷⁸ Ibid., 43 – 4.

⁷⁹ Ibid.



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In a written response to a list of questions from IPPR regarding the AG and corruption, the office does “acknowledge that the mechanism for follow-up of recommendations, leaves room for improvement.”⁸⁰

With regards to specific investigations or audits, the AG conducts performance audits on individual public institutions on specific national issues of concern; oftentimes involving a number of different public entities. During the course of three financial years from 2013/14 to 2015/16 the AG undertook eight such audits as well as three follow-up performance audits. Such audits offer detailed information and assessment of government’s overall performance – not just financial – in addressing a certain issue or providing certain public services.⁸¹ While they undoubtedly make for interesting reading and should provide MPs and parliamentary committees with considerable material to scrutinise government’s performance; international literature holds that this type of audit is a useful tool in preventing corruption only.⁸²

As to the role and utilisation of forensic audits in the public sector, an AG report states that none have been carried out by the public audit institute from 2013/14 to 2015/16.⁸³ Overall, it seems that the AG’s office has carried out few forensic audits since its formation. Limited information obtained from the public auditors’ institution suggests that such audits are primarily held to be the responsibility of the MoF. However, it has been noted that planned forensic audits by the Ministry oftentimes do not take place due the lack of finance and experienced staff.⁸⁴ Indeed, with regards to forensic audits the AG’s written responses highlight the office’s resource constraints stating that the AG:

“...has provided for the establishment of a Specialised Investigation Unit on its organisational structure. This unit is not established and no staff is appointed to focus on forensic audits to date until resources allow. Currently, the assessment of the risk of fraud is covered as part of Regularity Audits for all Local Authorities and PE’s.”⁸⁵

It is perhaps justifiable that in the current negative economic climate and considering government’s constrained financial position, that the establishment and expansion of public departments should be strictly limited. However, given the mismanagement of monies and repeated instances of poor financial performance in the public sector over a long period of time, it is surprising that a dedicated government department to conduct forensic audits has not been set up. Furthermore, a strong case can be made for prioritising the establishing of such a unit as an effective tool in curbing the loss of vital state funds which would be otherwise lost through instances of corruption.

Finally, it appears that when it comes to specific anti-corruption efforts, the AG’s office interprets its role strictly in line with its established legal mandate and responsibilities outlined in the National Anti-Corruption Strategy and Action Plan 2016 – 2019. The AG’s written responses made specific reference to the anti-corruption strategy as the current guiding document for their office’s activities with regards to addressing graft in the public sector.

⁸⁰ Written response from the AG’s office to IPPR list of questions, personal email communication from Brown, Elizabeth, March 8, 2019.

⁸¹ Ibid., 48 – 9.

⁸² Assakaf, Ebrahim Ahmed, et. al. 230.

⁸³ GRN, Activity Report 2013/14 – 2016/17, 50.

⁸⁴ See for example: GRN, Report of the Auditor-General on the Accounts of the Ministry of Finance for the Financial Year ended 31 March 2013, August 2014. 9.

⁸⁵ Written response from the AG’s office to IPPR list of questions, personal email communication from Brown, Elizabeth, March 8, 2019.

The public auditor stated that it “works closely with ACC”⁸⁶ on implementing the strategy, but no further details were given. It can be argued that the role of the AG as set out in the anti-corruption strategy is rather limited (See Info Box 3). Thus, for example, the AG has few additional responsibilities in terms of enhancing public oversight at PEs besides those already laid out in the legal framework. In addition the AG has no assigned role when it comes to engaging with CSOs.⁸⁷

It is notable that Namibia’s anti-corruption strategy does not specify how or if stakeholders should coordinate and cooperate when seeking to implement a wide range of activities. Neither does the document state that stakeholders should foster strong institutional working relationships in their pursuit of anti-corruption activities. Some inter-institutional coordination is seemingly implied given the many responsibilities that are shared by a number of organisations. Overall, coordinating the implementation of the strategy rests with the National Anti-corruption Steering Committee which is chaired by the ACC.⁸⁸ A previous IPPR paper from 2017 by Maximilian Weylandt expressed concern regarding the commitment of various stakeholders in implementing the strategy, observing further that the steering committee had no “legal power to compel cooperation” from fellow public institutions.⁸⁹

For its part, the ACC characterised the working relationship with the AG as “very cordial” in a written response. It was further stated that once an AG’s audit report is tabled in parliament it becomes a public document and if the audit had uncovered possible fraudulent activities “it may draw the attention of ACC and the report may be a subject of investigation.”⁹⁰



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⁸⁶ Written response from the AG’s office to IPPR list of questions, personal email communication from Brown, Elizabeth, March 8, 2019.

⁸⁷ GRN, National Anti-Corruption Strategy and Action Plan 2016 – 2019, n. d. 15-21 & 7.

⁸⁸ Ibid., 28-9.

⁸⁹ Weylandt, Maximilian, The Namibian Anti-Corruption Strategy 2016-2019: An overview and analysis, 10.

⁹⁰ Written response from the ACC addressed to IPPR: “Working relationship between the ACC and the Auditor-General,” March 16, 2019.



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Info Box 3: Role of AG Outlined in ACC's: National Anti-Corruption Strategy and Action Plan

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The roles assigned specifically to the AG's office as per the National Anti-Corruption Strategy and Action Plan 2016 – 2019 are rather limited. The public auditor only carries responsibilities in two out of a total of six 'Strategic Objectives'. Furthermore, many of the actions assigned are unremarkable since these are duties that the AG is expected to carry out already as mandated by the State Finance Act 31 of 1991. The AG's responsibilities, oftentimes shared with other institutions, are listed in the strategy as follows:



Strategic Objective 2: Preventing corruption in government offices, ministries, agencies and public enterprises

Specific Objective 2.7: Enhancing transparency and accountability in budget management

- Action 2.7.1: Reduce diversion of resources into non-budgetary accounts
- Action 2.7.2: Strengthening of parliamentary and public oversight through audits and follow-up action on findings
- Action 2.7.4: Complementing internal audits with independent external audits
- Action 2.7.5: Enhance budget transparency by:
 - In-year reports to improve the amount of accessible information available on the budget
 - Strengthening auditing of public institutions and ensuring that audit reports are produced on time

Specific Objective 2.8: Ensuring decentralisation with accountability

- Action 2.8.3: Ensure Regional Councils and Local Authorities capacity in financial management and auditing

Strategic Objective 6: Engaging civil society and the media in combating corruption

Specific Objective 6.1: Supporting transparency in civil society

- Action 6.2.1: Continue to build and maintain an enabling environment for a free media in line with the Namibian Constitution

Conclusion

One key observation emanating from this paper is that auditing, the review of audits and their recommendations, and the possible, eventual application of these recommendations involve a number of actors that have to cooperate and coordinate with each other to ensure that the broad goal of improving government's financial performance and accountability is realised.

The same applies to the deterrence and detection, and successful prosecution of corruption in the public sector. A cursory review of the AG's activities, particularly with regard to working with other stakeholders, does provide some evidence that the public auditor engages in various activities that involve other public entities and the public.

However, close scrutiny of the literature as well as the AG's written responses, strongly imply that the public auditor will not undertake activities which are not clearly defined in its legal mandate or in the ACC's anti-corruption strategy. For example, the AG noted that it was for the ACC to request further investigations on issues identified in an audit – so called 'red flags'.⁹¹ This operational caution likely also means that the AG is not proactive in engaging stakeholders and building strong working relationships with anti-corruption agencies, specifically the ACC and the PG, beyond any formally stated responsibility. Neither, it seems will the AG actively engage with CSOs on its own initiative or take on further responsibilities with regard to financial oversight of PEs.

Unfortunately, such a static and formalistic approach by the AG will likely not lend itself to enhancing the impact of the institution and its audit recommendations. Neither will it significantly strengthen national anti-corruption efforts. And finally, this approach does not align itself with the practical steps suggested internationally with regards to improving the impact of SAIs.

The AG's scope for action with regard to public organisations adhering to audit recommendations and its role in fighting corruption is limited. More research is also required to ascertain exactly how and with what tools SAIs can detect and prevent graft in the public sector. However, it is also evident that the AG is not really proactive in exploring mechanisms that can enhance its role and address long-standing issues of financial performance in the public sector. For example the AG's legal mandate does not restrict it from building strong working relationships with other institutions or supplying information directly to the ACC on possible corruption at a specific public entity.

Recommendations

- The AG should strongly consider revising its formalistic approach when interpreting its mandate. Without a more proactive and innovative operational approach there is little hope of improving adherence to audit performances and contributing to anti-corruption efforts.
- The AG should seek to build stronger and strategic relationships with specific public institutions, such as the ACC, so possible instances of fraud and corruption can be addressed more quickly and effectively.

⁹¹ Written response from the AG's office to IPPR list of questions, personal email communication from Brown, Elizabeth, March 8, 2019.



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- The AG and its stakeholders should create mechanisms and dedicate resources to regularly carry out forensic audits of consistently problematic public entities.
- The lack of engagement by the NA and MPs with regard to government audits is concerning. Besides re-doubling its efforts with the NA, the AG should perhaps consider forging a closer working relationship with Namibia's National Council, which appears to be more responsive overall to general public concerns.
- The AG should invest more effort and resources in communicating and engaging with stakeholders, in particular the media, CSOs and the public at large. The recent Activity Report 2013/14 – 2016/17 is an informative summary document and similar publications should be regularly issued.
- The poor financial performance of local authorities and PEs is of grave concern and increasingly places government's finances at risk. It is concerning that PEs are only reported on in a very cursory fashion in the AG's Activity Report. The AG together with its stakeholders need to aggressively and thoroughly seek ways of mitigating and curtailing this risk. At the minimum, the AG should call upon the MoF, the Ministry of Public Enterprises and relevant line ministries to investigate, and if necessary, seek prosecutions of errant PE boards and managements.

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The Institute for Public Policy Research was established in 2001 as a not-for-profit organisation with a mission to deliver independent, analytical, critical yet constructive research on social, political and economic issues that affect development in Namibia.

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