Opportunities and challenges of Supreme Audit Institutions in driving accountability and sustainability in health

During the Global Fund's three-day event on July 3-5 July 2024, leaders from 14 countries convened to address public financial management (PFM) issues. PFM encompasses the mechanisms through which public resources are collected, allocated, spent, and accounted for. During a pivotal panel discussion on the role of Supreme Audit Institutions (SAIs) in promoting accountability and sustainability in health, distinguished experts provided valuable insights into the opportunities and challenges faced by SAIs. The panel (Figure 1) featured Alexis Kamuhire, Auditor General of Rwanda; Carolyn Lewis, Deputy Auditor General of Jamaica; and Malehloholo Mahase, Chairperson of the African Association of Accountant General and the Accountant General for the Kingdom of Lesotho, and Rai Mahimapat Ray, Indian Administrative Service (IAS), Government of India.

The panel highlighted the importance of SAIs in fostering accountability and sustainability in the health sector. Key points included the need for independence, robust legal frameworks, capacity building, and international collaboration to enhance SAI effectiveness. Additionally, the integration of technology in auditing was recognized as a transformative factor, improving transparency, efficiency, and accountability. Panelists emphasized how technological advancements are revolutionizing the auditing landscape, paving the way for a more transparent and accountable future. In a previous article on the same event, we highlighted another panel discussion on sustainable health financing, focusing on promoting sustainable healthcare spending efficiency: perspectives from India, the Philippines, and Rwanda.

Figure 1: Panelists discussing the opportunities and challenges of SAIs driving accountability and sustainability in heath

Alexis Kamuhire
Auditor General
Rwanda

Malehloholo Mahase
Accountant General
Lesotho

Carolyn Lewis
Deputy Auditor General
Jamaica

Moderator:
Rai Mahimapat Ray
IAS Officer of the Government of India on lien to IBRD, World Bank
Former Deputy Secretary, Dept of Economic Affairs,
Ministry of Finance
India

Role of SAIs in promoting accountability and public trust

SAIs are vital in ensuring accountability and public trust in government financial management. Kamuhire emphasized the importance of collaboration among the Ministry of Health, parliament, development partners, and civil society. He detailed the extensive scope of their audits within the health sector, stating, "We audit all these institutions—the Ministry of Health, district hospitals, lower hospitals. Our interest is to see the proper use of money availed to the sector. Second, we are much more interested to see the outcome." These audits ensure funds are used correctly and assess the tangible results of investments in the health sector.

Mahase emphasized the critical role of SAIs in fostering public trust and accountability in public financial management. "The independence of the external auditor, or the SAI, is essential for maintaining public trust," Mahase stated. She explained that SAIs report directly to the citizens and Parliament, ensuring transparency and accountability in government finances. Mahase highlighted that the SAIs' recommendations should be mandatory and legally binding to ensure compliance with laws and regulations.

Mahase also discussed the importance of performance audits in assessing the value for money in government projects. SAIs must evaluate the expenditure to determine if resources were used appropriately, for their intended purpose, and if there is a tangible impact. Mahase emphasized that public trust is strengthened when SAIs deliver clear, timely, and accurate reports, which in turn leads to increased investment and improved government accountability.

"SAIs must look at the value for money, to see how much has been used, whether it was used for the in[...] purpose, and if there is a real impact on the ground."
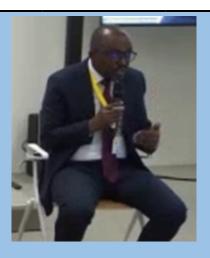– Malehloholo Mahase
Chairperson of the African Association of Accountant General and the Accountant General for the Kingdom

Kamuhire similarly stressed the importance of timely and comprehensive reporting. "We always give the report on time," he said. He explained that the Auditor General discusses plans with parliament, especially the speaker, and presents the annual report to ensure transparency and accountability. "We provided assurance on 96% of the budget; only 4% was not audited," Kamuhire added. This high percentage of audited funds indicates thorough oversight and accountability, ensuring that most of the budget is scrutinized for proper use and compliance with regulations.

Independence and legal frameworks for effective oversight

Carolyn Lewis underscored the necessity of a legal and regulatory framework that promotes the independence of SAIs. "SAIs need a legal and regulatory framework that allows them to conduct their work unhindered," she said. Lewis highlighted that the mandate of the Auditor General of Jamaica is entrenched in the Constitution, ensuring that the audit office operates independently of any individual or entity.

Kamuhire concurred with Lewis. "Our responsibility comes from the Constitution," Kamuhire stated. This mandate empowers the Auditor General to audit all government transactions and report to parliament, providing a solid foundation for accountability. Collaboration with development partners is also crucial for the Auditor General's office. Such collaboration requires thorough assessments, as trust from development partners hinges on the office's independence and a strong legal framework. Ensuring both independence and robust systems is essential for maintaining trust and delivering accurate assessments of fund utilization.

"Collaboration with development partners does not just come like that; we do assessments. You cannot se
trust from development partners if you are not independent enough and don't have a strong legal frame
– Alexis Kamuhire
Auditor General of Rwanda

Lewis explained that the reports from the Auditor General are submitted to Parliament, where they are discussed, and accounting officers are held accountable for their actions. "Our reports are made public, opening the way for media discussion and citizen engagement," she added. This transparency allows the public to hold officials accountable and fosters a culture of accountability and transparency.

Challenges and opportunities in health sector audits

The panel also addressed the specific challenges and opportunities in conducting audits in the health sector. Lewis pointed out that one of the significant challenges is the lack of technical skills needed to analyze data and identify gaps in health audits. "There is an opportunity here for us to partner with others to train and exchange knowledge, so we can effectively conduct audits in the public health sector," she said.

Mahase echoed this sentiment, emphasizing the importance of international standards in ensuring uniformity and comparability in audit reports. She noted that the adoption of International Public Sector Accounting Standards (IPSAS) helps in presenting audit reports in a standard manner, making it easier for stakeholders to assess government performance.

Kamuhire also discussed areas for improvement, particularly with civil society organizations (CSOs). "We work with them, but we engage them later after releasing the report. In that area, we have weaknesses. Where we want to improve is to now involve them in the planning," he admitted. Enhancing engagement with CSOs during the planning stages is a priority for improving the overall audit process.

Capacity building and international collaboration

Both Mahase and Lewis stressed the importance of capacity building and international collaboration in enhancing the effectiveness of SAIs. Lewis mentioned that Jamaica's audit office invests in capacity development to strengthen its human resources and keep staff updated with the latest auditing standards. "We also partner with international bodies like the INTOSAI Development Initiative (IDI) to enhance our capabilities," she said, referring to the International Organization of Supreme Audit Institutions (INTOSAI).

Mahase highlighted the role of international development partners in supporting SAIs by providing grants and loans to strengthen audit capacities. She noted that public trust is further reinforced when SAIs are able to transparently report on the use of these funds and address any issues of fraud or corruption.

Embracing technology in auditing: A leap towards efficiency and transparency

In an era where technology is reshaping various sectors globally, the auditing field is no exception. Rai Mahimapat Ray, an Indian Administrative Service (IAS) officer, underscored the transformative power of technology in enhancing audit processes and outcomes.

"I'm a huge believer in technology, which allows countries to leapfrog far beyond the Western world," Ray asserted. He illustrated this point by highlighting India's shift to a paperless audit system. "Instead of having reams of information or PDFs being uploaded, all data is now in a readable format. This enables the system to automatically flag discrepancies based on a risk matrix developed through extensive effort," he explained.

Ray emphasized that the introduction of technology in auditing has streamlined processes and improved accuracy. He pointed out that India's tax department now uses a faceless audit system, which confirms the accuracy of tax filings for 99% of citizens and verifies that 95-96% of regular spending and disbursements are correct. However, the system flags a small 3% of cases for discrepancies, requiring further scrutiny.

Lewis agreed with Ray on the crucial role of technology in modern auditing.

"SAI Jamaica has embraced technology in our audit process. We adopted CaseWare for financial statemer
ensuring they are conducted in accordance with international standards."
– Carolyn Lewis
Deputy Auditor General of Jamaica

Lewis also shared how technology enabled them to work remotely during the COVID-19 pandemic, unlike some of their Caribbean counterparts. "We were able to provide timely reports to the government, assess controls of newly built systems for processing benefits, and prevent overpayments," she said. "Technology and data analytics help us identify trends, outliers, and risks from the planning stage of an audit up to the follow-up stage."

Kamuhire highlighted the efficiency and cost reduction benefits brought by technological adoption. "In Rwanda, everything is being automated—from public financial management to banking systems," he said. "Automation has enabled us to process and audit information without leaving our offices, significantly enhancing service delivery and decision-making."

The conversation also touched on the broader implications of digital transformation in auditing across Africa. Mahase emphasized that digital transformation is a top agenda item for the continent. "Interoperability of systems is critical. We need to ensure that auditors can efficiently audit various systems and environments, even amidst increasing cybersecurity threats," Mahase explained. "Skills development in artificial intelligence, data handling, and business intelligence modules is essential for the future."

Way forward

SAIs play a critical role in ensuring accountability and sustainability in the health sector. Independence, legal frameworks, capacity building, international collaboration, and technological advancements are key to enhancing their effectiveness. Comprehensive audit coverage is crucial for maintaining public trust and confidence in the government's fiscal management. It ensures that every aspect of the government's financial transactions and records is thoroughly scrutinized. can detect and prevent any misuse or

misallocation of funds, ensuring that public resources are utilized efficiently and effectively. The impressive audit coverage of 96% in Rwanda reflects the Auditor General's office's dedication to financial oversight and accountability. While this high percentage indicates robust scrutiny of government spending, the remaining 4% that was not audited highlights areas for improvement. By addressing resource constraints and adopting strategic measures—such as increasing the capacity of the audit team or optimizing current processes—the Auditor General's office can aim for complete audit coverage, ensuring full financial integrity and sustained public trust in government operations.

The integration of technology in auditing has emerged as a transformative force, offering opportunities for greater efficiency, transparency, and accountability. However, this shift also presents challenges that require careful consideration. Modern auditing platforms aim to streamline processes, enhance data accuracy, and provide real-time insights. India's paperless system, which uses risk matrices to flag discrepancies, exemplifies how technology can improve audit precision and efficiency. Similarly, Rwanda's automation of public financial management and banking systems illustrates the broader benefits of integrating technology into auditing practices.

Technology is often associated with increased transparency and accountability because it efficiently handles and analyzes large volumes of data, uncovering discrepancies and improving reporting accuracy. Automated systems facilitate timely and comprehensive audits, reducing human error and enhancing financial oversight. However, this association depends on the integrity and quality of the data and the technology's design.

To ensure technology enhances transparency and accountability, robust checks and balances are necessary:

- Ensuring accurate and complete data entry.
- Implementing strong measures to protect against unauthorized access and data breaches.
- Keeping software up to date with the latest patches and improvements to avoid vulnerabilities.
- Maintaining a layer of human review to verify and validate automated results.

The potential for technology failures, such as software meltdowns or problematic patches, poses significant risks. Issues with third-party software patches highlight the need for rigorous testing and validation before deployment. Effective incident response strategies and contingency plans are essential to address and mitigate the impact of such failures. Ensuring that SAIs have backup systems and protocols for manual intervention can help maintain continuity during tech disruptions.

SAIs rely on various platforms to support their auditing functions, including specialized software for financial management, data analysis tools, and secure communication systems. These platforms must be reliable, scalable, and capable of integrating with other systems used by government agencies and development partners. Interoperability and adaptability are crucial, especially in diverse and evolving technological environments.