

**Role of performance audit in fighting corruption:  
(Evidences from FDRE and Oromia National Regional  
State)**

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**A thesis submitted to  
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**Presented in Partial Fulfillment of the Requirements for the  
Degree of Master of Science (Accounting and Finance)**

**Addis Ababa University  
Addis Ababa, Ethiopia**

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### **Statement of Declaration**

I, Tadele Dereje Tefera, have carried out independently a research work on *“Role of Performance Audit in fighting corruption: Evidences from FDRE and Oromia National Regional State”* in partial fulfillment of the requirement of the M.Sc. program in Accounting and Finance with the guidance and support of the research supervisor.

This study is my original work and that has not been presented for any degree or diploma program in this or any other university/institutions, and that all source of materials used for the thesis have been duly acknowledged.

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This is to certify that Tadele Dereje Tefera has carried out his research work on the topic entitled “Role of performance audit in fighting corruption: Evidences from FDRE and Oromia National Regional State”. The work is original in nature and is suitable for submission for the reward of the M.Sc. Degree in Accounting and Finance.

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## **Abstract**

This study assessed the role of performance audit or VFM audit have in combating and fighting public sectors corruption taking evidences from both Ethiopian Federal Government and Oromia.

The research focuses on assessing the factors affecting auditors and performance audit development, on identifying pitfalls faced while performance audit conducted and used as a tool against corruption, and also on strategic relationship of OFAG and ONRSOAG with their respective EACC and PAASC in each state.

The study used a mixed methods research approach to test a research hypothesis and answer research questions. Specifically, the study used surveys of performance auditors, EACC officials and turn out auditors, documentary analysis using audit report, budget, and other documents, and interviews with head of performance audit division and PAASC.

The results of this mixed research methodology reveal that practice of performance audit in Ethiopia aged more than two decades and only about 50 audit reports produced by OFAG. Even though each report is full of finding with probable corruption clue areas EACC not used it as an inputs in fighting corruption. In UK an average of 50 audit reports produced per year and OFAG meet this after 22 years journey. Additionally, the results show that problems faced auditors and corruption suspicion findings valued in millions of amount.

The thesis suggests EACC, OAG, PAASC and higher education institutions to improve capacity and auditor's retention policy and relationship of OAG and EACC, and calling higher education institutes to launch audit program in the country.

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## List of abbreviations

3Es	Efficiency, Effectiveness and Economy.
AAU	Addis Ababa University
ABA	American Bar Association
ACFN	Accounting and Finance
ADB	Asian Development Bank,
AFROSAI-E Institutions	African Organization of English- Speaking Supreme Audit
AG	Auditor General
ANAO	Australian National Audit Office
AU\$	Australia Dollar
B.C.	Before Christ
CNAO	China National Audit Office
COSO	Committee of Sponsoring Organizations
CPI	Corruption Perceptions Index
CRQ	Central Research Questions
DAG	Deputy of Auditor General
EC	European Communities
EEPCO	Ethiopian Electric Corporation
EOA	Ethics Officer Association
ERA	Economic Responsibility Audit
ERRP	Emergency Relief and Rehabilitation Program

ETV	Ethiopian Television
FACT	Financial Accountability & Anti-Corruption
FCA	The Federal Court of Audit
FEACC	Federal Ethics and Anti-Corruption Commission
FDRE	Federal Democratic Republic of Ethiopia
GAO	General Accounting Office of America
GDP	Gross Domestic Product
ICC	International Chamber of Commerce
INCOSAI	International Congress of Supreme Audit Institutions
INTOSAI	International Organisation of Supreme Audit Institutions
IRR	Internal Rate of Return
ISAs	International Standards on Auditing
MoFED	Ministry of Finance and Economic Development
NGOs	Nongovernmental organizations
NPM	New Public Management
OAGANRS	Office of Auditor General of Amhara Regional State
OAGBGNRS	Office of Auditor General of Benshangul Gumuz Regional State
OAGC	Office of the Auditor General of Canada
OEACC	Oromia Ethics and Anti-Corruption Commission
OECD	Organization for Economic Co-operation and Development
OFAG	Office of the Federal Auditor General
ORSOAG	Oromia National Regional State Office of Auditor General
PA	Parliamentary Auditors

PAr	Performance Auditors
PAASC	Public Accounts Affairs Standing Committee
RAOs	Regional Audit Offices
RH	Research Hypotheses
RMB	China Yuan.
RRV	The Rikrevisionsverket
SAIs	Supreme Audit Institutions
SNAO	Swedish National Audit Office
SRQ	Sub- Research Questions
SSA	Sub-Saharan Africa
TI	Transparency International
U.S.	United States
UK	United Kingdom
UK NAO	United Kingdom National Audit Office
ULS	Uganda Law Society
UNCTAD	United Nations Conference on Trade and Development
US GAO	U.S. Government Accountability Office
VAGO	Victorian Auditor-General's Office stated as follows
VFM	Value-for-money

# **Role of performance audit in fighting corruption: Evidences from FDRE and Oromia National Regional State**

## **1. Chapter one: Introduction**

The development of auditing traces to early ancient civilization of Egypt, Greece and Romans (Boyd, 1905 cited in Flesher et al., 2003, p. 378). Historical evidence shows that from 500-300B.C. auditing originated in city of Greece, Athens, by state Board of Auditor in municipal administration (Wallace 1980). Then, in medieval period English manorial auditing began. This become the foundation of the statutory audit in the 19<sup>th</sup> century and later spread throughout Europe. Also, the 19<sup>th</sup> century industrial revolution and stock market crash debacle in 1930 accentuated the need for verification and fraud detection (Kinfu and Bayou, 2009, P.7-8).

Overall the world in late 20th century (O'Flynn, 2007, p. 354), there has been a dramatic change in the public sector management (Holmes, 1992; Hood, 1991). This change in the public sector reform or New Public Management (NPM<sup>1</sup>) is a broad theme and trend which led to a change in the role of accounting and auditing. Especially, in early 1970s the role of government auditors began to change radically. This change began in the USA, Canada and some European countries such as Sweden and West Germany and many countries also followed this new trend at their own pace of events. The elected representatives of the people of these countries started demanding information on the efficiency and effectiveness of public expenditures. They expressed dissatisfaction with the traditional role of audit, which focused merely on compliance with rules and regularity off expenditure. They expected a greater accountability from public mangers for the collection, spending and management of public funds. Thus, the performance audit function has emerged with this trend as a by-product of public sector reform which concentrated on output focus public administration function (Guthrie and Parker, 1999, p.302; Funnell, 2001, p.5).

Auditors have a duty to fight corruption. According to the 16th International Congress of Supreme Audit Institutions (INCOSAI), held in Montevideo, Uruguay in 1998 SAIs can and should endeavor to create an environment that is unfavorable to fraud

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<sup>1</sup> The fiscal crises of governments, the inferior and inefficient methods of service provision, the changes in public expectations, the lack of and accountability, and corruption have contributed to the emergence of NPM model (Al Athmay, 2008).

and corruption. The 16th INCOSAI was partly devoted to prevent and detect fraud and corruption. Performance and regularity audit can be seen as attaching corruption from different approaches. Both are needed and necessary in the fight of corruption. For that reason, today, Supreme Audit Institutions (SAIs) used performance audit as a tool in combating corruption in most developed and in some developing countries (Sundgren 2009).

The purpose of this chapter is to provide background information on the study. The remaining parts of the chapter are organized as follows. The first three sections present a brief overview of auditing and anti-corruption efforts in Ethiopia as a background for the research. The fourth section sets out the statement of problems. The objectives of the research are presented in the fifth section. The sixth section presents research questions and hypothesis. The significance of the study and the scope and limitation of the study presented in section seven and eight respectively. Finally, the structure of the thesis is shown in the ninth section.

### **1.1. Overview Government auditing in Ethiopia**

Modern government auditing in Ethiopia established by proclamation No. 69/1944. Accordingly the Revised Constitution of 1955 (1948 E.C.), the Auditor General reported to the Emperor and the Parliament on the financial operations of the government and was given access to all books and records of government accounts (OFAG 2011a). Subsequently, the functions of the Auditor General were amended by decree No. 32 of 1958, which was later renumbered as proclamation No. 179/1961. This proclamation has dealt with the appointment and independence of the Auditor General in addition to defining its powers and duties, which include auditing the accounts of all autonomous bodies existing by virtue of Imperial Charters (chartered organizations). The Auditor General was then appointed by the Emperor and reported to him and the Parliament.

After the 1974 Ethiopian Revolution, proclamation No. 164 of 1979 was enacted to redefine the powers and duties of the Auditor General giving him additional responsibility of auditing mass organizations, development projects as well as conducting performance auditing. Besides, the programme of nationalization has created difficulty for the Office of the Auditor General to cope with the need to audit

an increasing number of public enterprises through its chartered organizations Audit Department mainly due to lack of qualified manpower.

Later on, the National Shengo provided proclamation No.13/1987 to establish the Office of the Auditor General of the people's Democratic Republic of Ethiopia. This proclamation was in effect until the country introduced the new Federal Government structure in 1994. Thus one can understand that up to 1994 OFAG was the only government audit institution in Ethiopia. However, proclamation No. 7/1992 of the transition period has already laid down the basis for the establishment of National/Regional State-Governments. Article 8(e) of this proclamation states "every National/Regional self-government shall have an audit and control Office". Article 15(h) of the proclamation has also given each National/Regional council the power to establish the Audit and Control Office.

Therefore, after the overthrow of the Military regime in 1991 (1983 E.C.) and the establishment of a Federal State Structure by the 1994 Constitution of Ethiopia, the whole arrangement of government auditing structure changed, and germane to this duties and responsibilities were separated in to the Federal and Regional audit institutions. Following this Law every Regional State's Council promulgated a proclamation to establish an audit office. While article 101 of the New Federal Government Constitution provided the basis for the appointment, powers and duties of the Federal Auditor General, article 33 and 34 of the Proclamation No. 7/1992 specified the accountability, powers and duties of the Head of each National/Regional Audit and Control Office.

Based on the aforementioned constitutional provisions proclamation No. 68/1997 was enacted to establish the Office of the Federal Auditor General (OFAG) which gave the power and duty to undertake Financial and Performance audits on accounts of the federal government offices and organizations, accounts involving budgetary subsidies and special grants extended by the Federal Government to Regional States (OFAG 2011a).

## **1.2. A brief overview of performance audit in each state**

Even though the issue of performance audit stated in proclamation No. 164 of 1979, it was not conducted in Ethiopia until beginning of 1990s. In 1991 development of

performance audit started in new sprit as a result of UN expert financial auditing project recommendation. Then, manual of performance audit prepared in 1992 and short term training provided. Later on in the middle of 1990s performance audit reports issued and started to present for par lament incorporating it with financial audit.

Recently, in 2008 environmental audit incorporated and the manual revised again. As a result, the department of performance audit in OFAG split out in to two divisions: program audit division and common service audit division. Since 1992 more than 50 performance audit reports issued within 21 years by OFAG.

In 2004 Oromia National Regional State Office of Auditor General (ONRSOAG)<sup>2</sup>, take its duty of conducting performance audit after training program provided to 5 auditors in Addis Ababa city Administration Office of Auditor General hall by OFAG.

Performance audit is conducted with legal basis according to proclamation No 154/2010. Accordingly Oromia National Regional State Office of Auditor General (ONRSOAG) has a mandated of conducting four types of performance audit: efficiency audit, program effectiveness, economic audit and environment audit.

### **1.3. Overview corruption and anticorruption struggle in Ethiopia**

Corruption is common problems affecting all countries including Ethiopia. In order to tackle corruption and impropriety, Ethics and Anti- corruption commission (EACC) established in May 2001 at Ethiopian Federal government level. Since its inception, the FEACC launched a three-pronged attack on corruption- prevention, investigation and prosecution (FEACC, 2011, p.19).

The oromia Ethics and Anti-corruption commission(OEACC) was established in 2003 by proclamation number 71/2003 with the main objective of having society that shall not condone, but rather be prepared to effectively combat corruption and impropriety

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<sup>2</sup> ONRSOAG is one of the Regional Offices of Auditor General (ROAG) of (in) Ethiopia. Ethiopia has three layers of public sector administration, namely Federal Government, Regional Governments and two cities Administration Council. There are eleven ROAGs in Ethiopia. They are in Tigray, Afar, Amhara, Oromia, Gambella, Harar, Benushangil, Somolia and South Nation and Nationality. The Office of Federal Auditor General (OFAG) works as the SAI for the Federal government entities.

and thereby promote as well as sustain the development and democratic process in the region. The commission has officially launched its activities in 2005 designing five year strategic planning (EACCO, 2008, p.21).

#### **1.4. Statement of the problem**

Performance audit have numerous importance in improving performance (John 1996), in assisting public expenditure management (Dadi 2009), in supporting modern public management (Michael 2002) and in fighting corruption (Khan 2006). Especially in many countries performance audit is used as a tool against corruption (Dye and Stapenhurst 1998; Borge 1999; Pope and Jeremy 2000; ADB-OECD 2005; Blume and Voigt 2007; Dye 2007; Waring and Morgan 2007; Gong 2009; Mukasa 2010; Sundgren 2011; and Matechak nd).

On the other hand, according to information released by Transparency International Index AFROSAI-E expressed the rank of member countries against corruption in its web address. Hence, Ethiopia scored 2.7 and ranked 14<sup>th</sup> among 23 of AFROSAI-E member and 120<sup>th</sup> among 180 assessed countries (Sundgren 2011 and Appendix L2).

However, in Ethiopia the strong struggle against corruption is mitigating the assumed prevailing corruption level (FEACC 2011). Disentangling and eradicating this problem requires stretched time, vast resources and organized national integrity system such as using performance audit and regular audit finding of office of the auditor general(OAG).

In Ethiopia the issue of performance audit hoary more than two decades and its coverage in federal government level is low and as result insufficient performance audit reports accessible to the public or parliament (OFAG, 2008, p.18). Also, corresponding delinquent is observed at regional level OAG. For instance, in Oromia regional state more than 760 government organizations (Amante et al. 2011, p.128-130) are potential areas of it; however, limited entities get the chance to be audited. Not only coverage problem but also the crevice between office of Auditor Generals and underlining anti-corruption efforts on how to use performance audit as a devices of struggle against corruption under the two government needs further investigation.

Moreover, with knowledge of researcher within this epoch its role in fighting corruption not scholarly assessed and the multipurpose of performance audit not gained as other countries.

The above discussed problems invited the researcher for extensive research on performance audit and its role in combating corruption in both Federal Government of Ethiopia and Oromia National Regional State.

## **1.5. Research objectives**

### **General objective of the study**

The overall purpose of this study is to assess the role played by performance audit or value-for-money audit in fighting public corruption at Federal Government of Ethiopia and Oromia national regional state.

### **Specific objectives of the study**

The specific objectives of this study are:

- Assessing the factors affecting development of performance audit in each government.
- Assessing the joint activities performed by Office of the Auditor General and Ethics and Anti-Corruption Commission in combating the roots of public corruption.
- Identifying the formal communication procedures between the Office of the Auditor General and the Ethics and Anti-corruption commission in fighting corruption at each government.
- Identifying the problems observed in conducting performance audit in each Office of the Auditor General of Federal Government and Oromia state.
- Identifying the pitfalls observed in using performance audit finding for struggle against public sector corruption.
- Recognizing whether performance audit is conducted by competent and skilled auditors or not.

## **1.6. Hypothesis and research questions**

To achieve the general and specific objectives, a series of research questions and sub-questions are developed in this chapter. Some of these research questions are stated in the form of hypothesis while others take the form of “what”, “which” and “How” question type expression. In this context, the study focus on answering one central research questions (CRQ) and five Sub- research questions (SRQ) and on testing one research hypothesis (RH) in order to address the main research question of the thesis.

### **1.6.1. Central research question and research hypothesis**

Basically Performance auditing is carried out in three phases: planning, fieldwork, and reporting. Problems faced in each phases vary widely among auditing organizations around the world. Common and unexpected challenges disguise not only in pre conduct and during conduct of performance audit but also it may face in post follow-up and when using its findings for combating corruption. Thus, the Central research question is:

*(CRQ) 1: What are the problems in conducting performance audit and using the findings as input for struggle against corruption?*

The 16th International Congress of Supreme Audit Institutions (INCOSAI), held in Montevideo, Uruguay, in 1998 was committed partly to preventing and detecting fraud and corruption. The conference looked at (a) the role and experiences of SAIs in preventing and detecting fraud and corruption and (b) methods and techniques for preventing and detecting fraud and corruption.

As Kenneth M. Dye (2007, p.309-310) stated the Uruguay INCOSAI adopted the following accords: SAIs agree that fraud and corruption are significant problems affecting all countries in varying degrees and that the SAIs can and should endeavor to create an environment that is unfavorable to fraud and corruption. SAIs agreed that they should be independent and have adequate mandates that enable them to effectively contribute to the fight against fraud and corruption.

Finally, it was also agreed on 12 common points and decided that SAIs (Auditor General) should consider a closer cooperation and appropriate exchange of

information with other national and international bodies fighting corruption. In Ethiopia, at national and regional's level, Ethics and Anti-corruption commission (EACC) lead the struggle against corruption. According to the final accords of the 16<sup>th</sup> INCOSAI, all office of Auditor General in Ethiopia, directly and indirectly have duties to provide appropriate information for EACC. Performance and regularity audit that conducted by the Office of Auditor General, can be seen as attaching corruption from different approaches. Both are needed and necessary in the fight of public sector corruption. However, in Ethiopia especially at Federal Government and Oromia National Regional State level, Performance Audit is not developed as regularity Audit. Thus, the research hypothesis is:

*(RH) 1: Performance audit is not used as a tool in fighting roots of public sector corruption at Federal Government level and Oromia National Regional State.*

### **1.6.2. Sub-research questions**

In order to tackle the research problem comprehensively and adequately, and to build upon the existing evidence on role of performance audit in curbing corruption in publicly owned entities, this research seeks to answer a number of sub-research questions. In this framework, the following presents the sub-research questions (SRQ).

*(SRQ) 1: Which types of audit assist and play significant role in corruption fighting in each government?*

*(SRQ) 2: What are the mechanisms used to prevent, investigate and prosecute corruption in each government?*

*(SRQ) 3: What are the causes and consequences of public sector corruption in both governments?*

*(SRQ) 4: How performance auditors share their experience each other internal and externally?*

*(SRQ) 5: Why turn out rate of performance auditors become high in each government?*

### **1.7. Significance of the study**

Since performance audit become the important and burning issue in Ethiopia. This study is expected to have importance to many parties. First the Federal and regional's Ethics and Anti-corruption commission virtually can incarcerate from outcomes of the study how to prevent and reduce corruption via performance and result based audit. Secondly, OFAG and ONRSOAG can use for strategic formulation. Thirdly, House of people representative and *Caffee* council especially their Public Accounts Affairs Standing Committee (PAASC) can use the outcome of the study for various decisions. Fourthly, the foreign fund provider (if exist) use as a basis of evaluating the project of developing performance audit and ant-corruption struggle in developing countries mainly in Ethiopia.

Also, It creates public awareness about performance audit and it may assist higher education institution in order to unwrap new program in audit or (and) performance audit with Master of degree and bachelor degree. Moreover, the study disclosed those problems faced Performance auditors and the government of both state can use it as a base for adjustment.

Finally, the study may used as reference for future researcher(s) and it may call the attention of the potential researcher on the area.

### **1.8. Scope and limitations of the study**

The study would have been more bearable if its scope were able to cover all office of the auditor general and EACC in the country, but due to capacity and availability of facilities, the study is limited to the Federal Government and Oromia OAG, EACC and PAASC.

In addition to the above realities the project paper has the following limitations. Firstly, due to the confidentiality nature of information there was no access to ever audit files and as a result only less audit report findings were selected and forwarded in the study. Secondly, the psychological impact of performance audit on combating corruption not experimental tested.

Moreover, the difficult of identifying audited auditees and other situations would not allow contacting audited entities, so that structured survey designed to them could not be used. Lastly to address the issues concerned with the study in detail, factors and challenges those affecting developments of performance audit were incorporated.

### **1.9. Structure of the thesis**

The study focuses on the performance audit observed in Ethiopia; essentially on its role in fighting corruption and it will forward foreseeable solution that solves the existent and potential challenges.

In this chapter the problem of the study, objective of the study, the research questions and hypothesis, significance, scope and limitation of the study are presented respectively. The remaining structure of the study will be as follows.

Chapter 2 contains a review of the literature relating to performance audit. The results of the different methods used as survey, documentary analysis and in-depth interviews with auditors, head of audit offices, anticorruption commission and others will be presented in Chapter 3. Then, the results of the different methods will be analyzed in chapter 4. In this section findings of all the various techniques implemented in this study are combined together and the research questions are answered and hypothesis tested. Lastly, chapter 5 encloses the major findings, effect of the findings to the audit offices and stakeholders, the weakness of the study and areas where further research may be fruitful.

## **2. Chapter two: Literature review**

In this chapter the theoretical and empirical works on the area of performance audit its role in fighting corruption are reviewed. This review of the literature establishes the framework for the study and which, in turn, help in clearly identifying the gap in the literature and formulating the research questions and hypothesis for the study.

The review has four parts. Part 2.1 presents a review of the conceptual overview of performance audit. This is pursued by a review on theoretical overview of corruption in part 2.2. The experience of some advanced and Sub-Saharan Africa countries, on role of performance audit in combating corruption are reviewed as empirical study in part 2.3. As a final point, conclusions on the literature review and knowledge gaps are presented in part 2.4.

### **2.1. Concept and development of performance auditing: theory**

In this theory part performance audit's development, basis and objectives are explained as follow.

#### **2.1.1. Development of performance audit**

The responses to the question 'when and where did performance audit first commenced?' is controversial issues in historical development of VFM audit. In general, when writing for a performance audit growth, it is good practice to analyze the early important work.

In short most studies indicate, despite the ancient recognition the concept of performance audit is essentially a twentieth century phenomenon (Flesher et al., 2002, p. 102) and is a very new development in the history of auditing. It is by-product of the modern public management and these audits are complex by nature (Gronlund et al., 2011). Currently become part of government audit, in all member countries of the International Organisation of Supreme Audit Institutions (INTOSAI). In Ethiopia at federal government level, also, performance audit is developed and aged more than two decades. For further information consider Appendix L1.

### **2.1.2. The basis of performance auditing**

The guide line of performance audit implementation issued with joint effort of 29 SAI member countries and INTOSAI (2004) state that public accountability is the root of performance audit. Public accountability means that those in charge of a government program or ministry are held responsible for the efficient and effective running of such. Accountability presupposes public insight into the activities of the program or ministry. Performance auditing is a way for taxpayers, financiers, legislatures, executives, ordinary citizens and the media to ‘execute control’ and to obtain insight into the running and outcome of different government activities (INTOSAI 2004).

### **2.1.3. Objectives of performance audit**

Cowater (2006, p.17) states the following eight prime objectives of performance audit: to maintain and enhance public accountability; to improve accountability by strengthening the relevant supervising authority's reporting to the legislature on the performance of government departments, agencies, projects and programs; to act as a force for beneficial change in the management of resources and the achievement of value for money; to encourage improved value for money in government departments, agencies etc. where improvements are found to be necessary and cost effective; to identify well performing government organizations as possible lessons to be emulated by others; to enable to provide independent information, advice and assurance about the 3Es in the major fields of revenue, expenditure and management of other resources; and to induce and assist audited entities to take action where improvements are shown to be necessary and cost effective.

## **2.2. Theoretical overview of corruption**

In this second subpart the basic concept and types of corruption; the efforts of anti-corruption players in national pillars; and methods and model of combating corruption are reviewed.

### **2.2.1. Concept and type of corruption**

Anxiety about corruption is as old as the history of government audit (Shah, 2007, p.234). The term ‘corruption’ come from Latin word called ‘corruptio’ and it mean that bribe and destroy (Hornby, 2010, p.329). Ongoing time the forms and levels of

corruption are mounted. As a result, various definitions for the term “corruption”, have been given in the academic research and policy-relevant literature on corruption.

For instance, in their joint work Shah and Schacter(2004) defined *Corruption* as the exercise of official powers against public interest or the abuse of public office for private gains(Shah, 2007, p.234). Public sector corruption is a symptom of failed governance. *Governance* is defined as the norms, traditions, and institutions by which power and authority in a country are exercised.

Khan (2006) stated a highly complex phenomenon of corruption. The parties involved leave very little telltale in the form of irrefutable hard evidence. Most of the corruption takes place in an informal manner and under the dark cover of isolated contacts. At times it does not even require a spoken word. Mere eye contact can establish a relationship of corruption.

Vazquez et al. (2007, p.1) in their work concluded that there are countless types of corruption and many distinctions can be made based on the dynamics of the act (i.e., unilateral, multiparty), the agents involved (i.e., high-level officials, low-level officials, private agents), the size of the corrupt act (grand corruption or petty corruption), the budgetary functions affected (i.e., expenditures, revenues), the nature of the determinant involved (i.e., structure of incentives, institutional opportunities), and so on.

Auditors do not deal with some corruption types, such as political, social, or cultural corruption. Most of the time auditors can deal with corruption in government offices and in large public and private organizations that fall under the purview of the auditors’ routine work (Khan 2006).The current study deals with corruption in public sector taking evidence from the Federal Government of Ethiopia and Oromia Regional State.

### **2.2.2. Methods of combating corruption**

There is a range of approaches from different point of views in order to get rid off the vicious circle of corruption. To begin with, “penal-administrative approach” offers to strengthen national law and administrative structure in order for unveiling leakages from the system, betterment of institutional tools and firm punishment of those cases by strict laws and regulations. Secondly, “economy-based approach” of IMF and

World Bank suggests pursuing all economic reforms needed in a determined manner (Ploskonka, 2004). Lastly, “national integrity system” a well-known concept suggested by Ibrahim Seushi, who is President of Transparency International-Tanzania in 1998, refers to eight institutions which pursue the war against corruption in an interdependent manner and lack or weakness of any of these would increase the burden of the other pillars of integrity. These institutions are political will, administrative reforms, “watchdog” agencies (anti-corruption commissions, supreme, SAs, ombudsman office) parliaments, public awareness/involvement, the judiciary, the media and the private sector (Dye and Stapenhurst, 1998).

According to systemic approach, there is an initial need for a comprehensive anti-corruption strategy that is strongly backed with political will determined to bear all its consequences. That strategy should be composed of institutional and administrative reforms on public-financial management and control system and should also ensure the involvement of civil society and citizens. Furthermore, since international cooperation would create fruitful circumstances to gain knowledge of successful and/or bitter experiences of other countries; to develop a mutual understanding of corruption and to take necessary measures in international law, contributions of international society should be taken into account at each and every step of the strategy. Consequently, systemic approach implies that lack of any level would lead to a loopholes causing to corruption (Kayrak, 2008,p.61).

### **2.2.3. Major players in anti-corruption struggle**

Over the entire world anti-corruption struggle involve the following 8 major players called “pillars”: public sector anti-corruption strategies; “watchdog” agencies; public participation in democratic process; public awareness of the role of civil society; accountability of the judicial process; the media; the private sector and international business; and International co-operation.

Each pillar is interdependent. If one pillar weakens, an increased load is thrown on to the others. If several weaken, their load will tilt, so that the round ball of sustainable development rolls off. Establishing a national integrity system requires identifying gaps and opportunities for utilizing each of these pillars, as well as catalysing the work of the government, civil society and donors into a coherent framework of institutional strengthening.

Anti-corruption agencies, the office of the ombudsman, and supreme audit institutions are former of central pillar known as “watchdog agencies”.U.S. and international legal, business, and accounting associations and NGOs such as the ABA, the U.S. Chamber of ICC, EOA, COSO, and TI—have played key advisory roles in the development of various anti-corruption initiatives (Olsen 2010, p.12).

In order to trim down corruption strengthening the prevention and control capacity of key anti-corruption players such as Independent Anti-Corruption body, Supreme Audit Institutions, Ombudsmen and Inspectorates of Government ,Public Accounts Committees, Parliament and Parliamentary Committees, Investigation, Police, Local government, Public complaints mechanisms, Whistle blowing, Judiciary, and Prosecution, discipline, and sanctions is underlying operation.

#### **2.2.4. Model of corruption and struggle against roots of corruption**

Both corruption and anti-corruption struggle are the function of various variables. While underlying causes of corruptions are variables that arise the level of corruption and the consequences of combatant efforts in a national integrity are considered as variables that reduce the level of corruption.

In the following two corruption model-*Klitgaard model* and *Sundgren model*, variables of opportunity for corruption and outcome of anti-corruption efforts such as Supreme Audit institution are explained. For instance, *Klitgaard* develop simple corruption model in which the amount of monopoly and discretionary power have direct relationship with the amount of corruption and Accountability has indirect relationship. Eliminating the monopoly and discretionary power might reduce amount of corruption but not eliminate it. Thus, elimination of corruption was not usually an economic objective of development reforms (Vazquez et al. 2007, p.1).

#### ***Klitgaard<sup>3</sup> model***

Simply defined, corruption is the abuse of public power for personal gain or for the benefit of a group to which one owes allegiance. It occurs at the intersection of public and private sectors, when public office is abused by an official accepting, soliciting,

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<sup>3</sup> Robert Klitgaard, Dean, The RAND Graduate School, Santa Monica, CA

or extorting a bribe. Klitgaard (1996) has developed a simple model to explain the dynamics of corruption:

$$C \text{ (Corruption)} = M \text{ (Monopoly Power)} + D \text{ (Discretion)} - A \text{ (Accountability)}$$

In other words, the extent of corruption depends on the amount of monopoly power and discretionary power that an official exercises. Monopoly power can be large in highly regulated economies; discretionary power is often large in developing countries and transition economies where administrative rules and regulations are often poorly defined. And finally, accountability may also be weak, either as a result of poorly defined ethical standards of public service, weak administrative and financial systems and ineffective watchdog agencies (Dye and Stapenhurst, 1998, p.4-5).

In above equation accountability is included as a function of transparency since transparency makes accountability work effectively by implying that “sufficient information must be available so that other agencies and the general public can assess whether the relevant procedures are followed, consonant with the given mandate”(ARC, 2007).

The end objective of public financial accountability varies between countries and is influenced by the culture of public-sector governance. It has beneficial consequences in reducing levels of financial corruption and in the deterrent effect on public officials (Hedger and Blick, 2008, p.2).

Audits are fundamental to accountability can contributes to public information about violations of accepted standards of ethics and deviations from principles of legality, accounting, economy, efficiency and effectiveness (Dye and Stapenhurst, 1998, p.4). This, in turn, upholds level of transparency and accountability in public-financial management system. This preventive function is considered as the most prominent contribution of SAIs to struggle against corruption( Kayrak M., 2008).SAIs should have their functional, legal/constitutional, financial and managerial independence to fully satisfy requirements of fostering transparency and accountability in public sector (INTOSAI, 2001).

### *Sundgren Model*

The other model is developed by Bengt Sundgren, Performance Audit Manager of AFROSAI-E. The model is straight forward; corruption can be seen as a function and the degree of corruption depends on the relationship between different factors:

$$\text{Corruption} = \frac{\text{Degree of Complication} + \text{Waiting Time}}{\text{Degree of Control} + \text{Degree of Consequences}}$$

Also, Sundgren(2009 and 2011) elaborated how the model is used with fighting against corruption as follow:

*“The risk for corruption is a function of the amount of control and the degree of consequences if the corrupt civil servant is caught. It is also a function of the complication in the decision making process and the amount of time to get the service without a bribe. From the model it is evident that the more complicated decision processes and the longer waiting times the larger risk for corruption. The lesser control and risk to be caught and if, even when caught, there is no or only minor consequences the larger is the risk for corruption. As mentioned above corruption deforms the public sector. There are no incentives for a “civil servants” who wants a bribe to improve his work or the function of the organization, on the contrary the more dysfunctional an organization is the more bribes can be collected.”*

The current researcher of this study, extract the following 5 underlying assumptions used by Sundgren while developing the above model.

1. Corruption has effects on the individual person decision and life, the structure and work in the public and private sector, and democratic, economic and social development.
2. Where a degree of control is less the possibility for corruption is high.
3. A complicated and long process gives more corruption.
4. Performance audit enhances the issue of effectiveness and efficiency in complicated and long waiting time process that may leads to corrupt.

Regularity audit improve the control mechanism that creates unfavorable environment for corruption opportunity.

### **2.3. Empirical studies on determinants of performance audit and its role in combating corruption**

Factors affecting performance audit or VFM audit, role of performance audit in combating corruption in developed nations and SSA presented in this empirical part.

#### **2.3.1. Determinants and factors affecting of performance audit**

Many of the factors that lead SAIs successful claimed in various papers. For example, Financial Accountability & Anti-Corruption(FACT) Team of UK identify eight factors that affects audit conducted by SAI(Crown, 2005, p.28-37): legal framework of Independence, audit remit, access rights, reporting; leadership and strategy; governance of the SAI; adequacy of staff resources (the number and skills of staff available to the SAI); the adequacy of other key resources available to the SAI (finance, Office Space, corporate knowledge base(library), Utilities and IT and non-IT equipment); audit methodology used to deliver audit work such as National standards, INTOSAI standards and International Standards on Auditing (ISAs); relations with external stakeholder including PAC, audited bodies, MoF, the media, civil society and the general public; and the actual outcomes achieved by the SAI(timeliness, monitoring and follow Up).

Numerous factors that determine the success of SAI also specifically affect the value for money audit conducted. Of these, Dye and Stapenhurst (1998) stated that having a clear mandate, independence, adequate funding and staff, and the sharing of knowledge and experience are essential for SAI success.

White and Hollingsworth (1999) and Waring and others (2006) in their joint work mentions several key requirements to an effective audit function. These include organizational independence, a legal mandate, unrestricted access to information, sufficient funding, competent leadership, competent staff, stakeholder support, and professional audit standards. A few of these elements are present in some countries in Sub-Saharan Africa. Even the most advanced countries around the world will not have all of them fully in place (Waring and Morgan, 2007, p. 350-351).

### **2.3.2. Corruption reduction role of performance audit in advanced countries and in Sub-Saharan Africa**

Numerous researchers forwarded multitask of performance audit. For instance, Abdullah (1993) claim that performance audit can improve trust in government's institutions and organizations and strengthen the relationship between the governments and their citizens; Premchand (1993) and Jones and Pendlebury (2000) argue that performance audit promote more efficient and effective public management, supporting initiatives aimed for producing clear objectives, means to assess them, and measurements of outputs or performance in relation to those objectives, so as to achieve the best use of resources and value for money; Al Athmay (2008) assert that the increasing growth of government expenditure makes performance audit understandable and necessary;

Other researchers and well experienced Auditors argue that in many countries performance audit is used as a tool against corruption. For instance, Dye and Stapenhurst (1998), Borge(1999), Pope and Jeremy (2000) work indicated that performance audit play a central role in preventing and detecting corruption; ADB-OECD (2005) assert that in Maldives a mix of internal, external and performance audits conducted to deter and detect possible corruption; Blume and Voigt (2007) verify that performance or value-for-money auditing checks whether the citizens have received value for their money in less perceived levels of corruption; and, Mukasa (2010, p.5) claim that in Uganda Law Society (ULS) new anti- corruption project as tool of combating corruption value for money audit is in use.

Late 1990s in China(also including Hong Kong) an 'economic responsibility audit' (ERA) and performance audit play a significant development in china and used as a tool against corruption(Gong, 2009). For instance, by the end of 2005, auditors had performed such audits on over 240,000 leading officials. More than RMB500 billion of irregular financial expenses were uncovered, among which at least 34 billion had been incurred due to the failure of leading cadres to fulfil their official duties. The auditing results led to the demotion and dismissal of more than 16,000 officials, of whom more than 4800 cases transferred to judicial agencies for further action (Gong 2009).

Also, Dye (2007, p.313) in his individual work state that Performance audits are designed to compare operational performance against norms and predetermined criteria. They can therefore be designed to include some references to laws and regulations and to assist in identifying fraud and corruption. Because performance audits focus on operational issues, especially in high-risk areas, it is not uncommon for auditors to notice some activities that are not in accordance with rules and regulations. Thus, although performance audits are not designed to identify fraud and corruption, these issues sometimes surface.

In many countries procurement reformers and anti-corruption advocates the need of audit oversight to protect the integrity of the procurement process (Matechak,nd). For example in UK, If the goods or services purchased clearly show good value for money there can have been little financial loss from any from corruption, whatever forms that corruption might take. If the value for money audit shows a poor result, that indicates a misuse of public funds whether from corruption or incompetence. From 1997 the NAO was given greater freedom to criticize Government policies as well as policy implantation and management if these did not secure good value for money. Also, about 38 percent of NAO resources are dedicated to performance auditing to produce over 50 reports annually (Osborne, 2007).

The Office of Auditor General of Zambia (2007), disclosed that in Zambia performance audit is used to improve service delivery in the public sector, maximize value for money the use of public resources, safeguard public assets and act as deterrence to fraud and corruption. As a result, due to audit and other factors level of corruption reduced in Zambia.

For long period he served as performance auditor, as a result, Sundgren (2009 and 2011) described that Performance audit can be seen as tools in the fight against corruption.

Finally, considering its significance that performance audit have in combating corruption international institutes such as INTOSAI and World Bank (Dye, 2007) make it their strategic issue and area of focus. For example, the current 5 years strategic plan of INTOSAI from 2011 to 2016 provides guidance for using performance audits for the purpose of promoting good governance and fighting corruption.

A properly planned and executed performance audit would highlight areas of diseconomy, inefficiency and failure to achieve results and impact. The argument is that if a project or program has been planned properly, it should be possible to implement it with due regard for economy and efficiency and it should achieve its results. If it exceeds its planned costs significantly or takes much longer than envisaged or does not achieve what was intended, then there is a possibility that the people involved in its management may have indulged in corruption. Although the above argument is plausible, yet the existence of diseconomy, inefficiency or ineffectiveness is not a conclusive proof of corruption. There could be genuine reasons of human failings, or complex and difficult environmental factors which inhibited the achievement of objectives. There could, simply, be a case of unintentional human negligence, not taking into account all the risks and costs. Thus performance auditing carried out in a routine manner may not indicate a concrete evidence of corruption (Khan 2006, p.19).

In European Union member countries the wider scope of a public sector audit include some aspects of performance auditing or a comprehensive assessment of the arrangements for ensuring legality and preventing and detecting fraud and corruption (SAI EU 2004, p.36).

As Wynne (2010, p.60) stated, in many countries in Sub-Saharan Africa, valuable performance audits are conducted, at the local, regional, or national level. Regulatory enforcement effectiveness, effectiveness of procurement processes, effectiveness of revenue collection processes; reliability of reported performance data; asset management; validity of performance measures; cost of services ,such as cost per patient visit in health clinics, cost per household for sanitation and solid waste pick-up, and cost per thousand; service timeliness, access, equity, and availability, staffing ratios compared with benchmarks and utilization rates are the common areas where performance audit conducted in countries in Sub-Saharan Africa(Waring and Morgan, 2007, p. 350-351).

Challenges constrain the introduction and effective functioning of a performance audit function in the public sector includes corruption, poverty, poor governance, poor infrastructure, and a continuous brain drain. Some, such as poverty and infrastructure problems, can be incorporated into the performance audit plan. The tractability of

other challenges—primarily corruption and poor governance—depends on the level at which they occur. If the highest levels of government are corrupt or incompetent, it will probably not be possible for the performance auditor to be effective. However, if the audit function enjoys unwavering support at the highest levels of government, it can serve as a powerful tool in rooting out corruption and identifying needed improvements in management practices. This is especially true if the performance auditors combine forces with fraud investigators, forensic accountants, and law enforcement officials (Waring and Morgan, 2007, p. 350-352).

Vazquez et al. (2007, P.45), argue that the region of sub-Saharan Africa (SSA) known with where worst cases of pervasive corruption take place. Based on CPI 2009 (see Appendix L2) in AFROSAI-E member countries, consequential decrease in corruption took place in Botswana, Mauritius, Seychelle, South Africa, Namibia and Ghana. However, Angola, Zimbabwe, Sierra Leone, Kenya, Uganda, Nigeria and Mozambique are the AFROSAI-E member countries with most corruption (the lowest scores) in 2009.

The other challenges faced in SSA with conducting performance audit the existence of a few key requirement elements to an effective audit function. These include organizational independence, a legal mandate, unrestricted access to information, sufficient funding, competent leadership, competent staff, stakeholder support, and professional audit standards. A few of these elements are present in some countries in Sub-Saharan Africa. Even the most advanced countries around the world will not have all of them fully in place (Waring and Morgan, 2007, p. 350-351).

Public sector audit is complex and not as independent of the executive as it should be in many Sub-Saharan African countries (Wynne, 2010, p.60). This lack of adequate independence for Supreme Audit Institutions is, of course, not limited to Sub-Saharan Africa. An INTOSAI survey undertaken in 2000 found that of 113 Supreme Audit Institutions around 70 had their primary accountability to parliament whilst in nearly 40 cases it was to the head of state. Similarly AFROSAI-E (the regional body for Anglophone Supreme Audit Institutions) found, in 2001, that only 5% of their members considered that they had adequate independence (Wynne, 2010, p.56).

Countries with well outstanding audit function such as Botswana, Mauritius and Ghana have low level of corruption. Fikeremarkos (2009) argue that Botswana is

presenting the lowest corruption prevalence rate in Africa due to political commitment, equitable distribution of resources, stable social and economic environment, integration of the fight against corruption with good governance and ensuring transparency, accountability, and competence in the executive, legislative, judiciary, audit, police and electoral commission systems (FEACC, 2009, p.13). Also, both Botswana and Ghana are best performing performance audit among AFROSAI-E member countries. As a result, AFROSAI-E in cooperation with the Swedish National Audit Office (SNAO), award the SNAO Prize for them.

Dadi (2009 p.19-20) conducted the study on performance audit in Ethiopia and indicated four contribution of value-for money audit in expenditure management via enforcing the executive's accountability toward the legislature and citizens, combating corruption, facilitating good governance, and aiding financial management. It also assist in making different policy instruments such as subsidies, grants, levies, loans and public information campaigns.

### **Indicators of corruption highlighted by performance auditing**

Khan (2006, p.19) stated Performance auditing can, however, provide some clue to corruption if it exists. For this purpose, the performance auditors need to go a step deeper into the issues identified during the audit planning stage.

Generally, if the finding of the performance audit shows the nature as stated in Appendix L3, the suspicion that corruption had taken place in these projects or programs would be quite high.

### **2.4. Empirical conclusion and knowledge gap**

Due to late 20th century public sector reform (Holmes, 1992; Hood, 1991) performance audit emerged in more than 140 INTOSAI member countries (Kellner 2000). Primarily it used to maintain accountability and improve value for money in government units (Cowater 2005).

Also, in developed and under developed nations it used as a tool against fighting corruption. For example, Dye and Stapenhurst (1998), Borge (1999), Pope and Jeremy (2000) work indicated that performance audit play a central role in preventing and detecting corruption; ADB-OECD (2005) assert that in Maldives a mix of internal,

external and performance audits conducted to deter and detect possible corruption; Blume and Voigt (2007) verify that performance or value-for-money auditing checks whether the citizens have received value for their money in less perceived levels of corruption; and, Mukasa (2010, p.5) claim that in Uganda Law Society (ULS) new anti- corruption project as tool of combating corruption value for money audit is in use.

However, harmonized approach of using such audit is not clearly stated by researchers and INTOSAI. On the 16<sup>th</sup> INCOSAI even though, the role and experiences of SAI in preventing and detecting fraud and corruption discussed, studies conducted by INTOSAI and regional SAIs are too low (Kellner 2000; Khan 2006; Kayrak 2008 and Sundgren 2011).

Since 1992 performance audit practice emerged in Ethiopia. However, due to probable problems faced, it is not developed as other countries like Botswana. Botswana is African country with less corruption but Ethiopia with serious (Sundgren 2011). Audit played role to combat corruption in Botswana (Fikremarkos 2009).

On the other hand, studies conducted in SSA on how to use performance audit finding as a tool against corruption were minimum (Sundgren 2011). Especially, in Ethiopia while the issue of performance audit and corruption currently become burning matter, the researcher would not get direct work conducted in this area. However, in their work Yesune (1999), Assefa (2000), Kidane (2004) and Dadi (2009) attempt to address importance of auditing in combating corruption.

No one of aforementioned work focus on direct role of performance audit in fighting roots of public sector corruption. As a result, the current researcher very interested to conduct the study on this area.

Lastly, both corruption and performance audit are global hot issues, the research method and the findings used in this study may have application to other countries. The next chapter provides details of the research method in respect of the identified research problem.

### **3. Chapter three: Research design**

The previous chapter has indicated that the literature on performance audit practice and its role, specially, in fighting roots of corruption is limited. Especially from less developing countries' perspective, Ethiopia in particular, it has been shown that there is no comprehensive study that reviews and analysis the task of performance audit in struggle against public sector corruptions.

The purpose of this chapter is to present the underlying principles of research methodology and the choice of the appropriate research method for the thesis. The chapter is arranged as follows. Section 3.1 presents mixed methods approach i.e the appropriate method for the current research. After that, methods of data collection in section 3.2 and sampling design in section 3.3 presented respectively.

#### **3.1. Mixed methods approach**

The study is designed to use a mixed methods or both quantitative and qualitative method. These methods are used due to a number of objectives.

Firstly, the mixed method involves philosophical assumptions of advocacy and of pragmatism that use all approach available to understand the problem (Creswell, 2009, p.10).

Secondly, the mixed methods compensate for the weaknesses of quantitative and qualitative methods (Axinn and Pearce, 2006, p. 113).

Thirdly, a mixed methods design is useful to capture the best of both quantitative and qualitative approaches (Creswell, 2003, p.22). A researcher is able to collect the two types of data simultaneously, during a single data collection phase. It provides a study with the advantages of both quantitative and qualitative data. In addition, by using the two different methods in this fashion, a researcher can gain perspectives from the different types of data or from different levels within the study (Creswell, 2003, p.247).

Fourthly, applying mixed-methods designs is essential for correcting event memory failures and overcoming fundamental and advanced attribution errors (Tashakkori & Teddlie, 1998).

Fifthly, by implementing a high level of supervision and investigator involvement mixed approach able to maintain the flexibility that allows for the revision of instruments and data collection procedures in the field. This iterative redesign led to the most complete data collection possible as well as to higher data quality's (Axinn and Pearce, 2006, p.231).

Moreover, mixed methods can be applied in different ways. It integrates the two approaches-quantitative and qualitative with the three strategies-concurrent, sequential and transformative (Creswell, 2009, p.208).

Finally, the combined method enables to capture data that couldn't obtain by adopting only quantitative or qualitative approach.

The researcher of this study decide to use the mixed method according approach of determining selection criteria indicated in the literature (Abiy et el.,2009,p.60; Axinn and Pearce, 2006).These are: the nature of problem identified, the knowledge already available about the problem and availability of resources for the study.

Besides, reviewing of earlier studies in various countries on role of audit in combating corruption indicate that those studies had conducted qualitative, quantitative and mixed approaches. For instance, Kellner(2000),Kaufmann and Dininio(2006),Khan (2006), Waring et al.(2006),Stapenhurst and Titsworth (2006), Dye (2007), Waring and Morgan(2007); an d Sabau and Nagy(2008) used qualitative approach. While, Dye and Stapenhurst (1998), Nosworthy(1999) and Sundgren(2011) used mixed approaches.

### **3.2. Research method and methods of data collection**

Since the study conducted based on mixed approaches, to collect the required primary and secondary data an assortment of data collection methods used for each quantitative and qualitative aspects. The *Mixed Survey*<sup>4</sup> design were used for both

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<sup>4</sup> A combination of closed-ended and open-ended questions.

quantitative and qualitative portion. Additionally, the researcher used other two types of data collection methods. In order to answer the research questions on page 7 and 8 the study used document analysis and the qualitative data collection procedures in-depth interviews with performance audit divisions and PAASC.

The detail of each selected data collection methods explained in the next parts.

### **3.2.1. Mixed survey**

To get the basic data on the role of performance audit in fighting corruption especially from Auditor General and Ethics and Anti-corruption commission and the factors might be influencing performance audit practice the study used a survey method with semi-structured questionnaires, that administered face-to-face and interviews with a sample of existing and turn-out performance auditors at OFAG, Oromia National Regional State the office of Auditor General and staff of Ethics and Anti-corruption commissions of both governments.

To mitigate the drawbacks of this method such as low response rate and the respondents feeling about the anonymity of their responses; with the letter from AAU and the cooperation with study partners the confidentiality and the purpose of the study disclosed to them.

### **3.2.2. In-depth interviews with performance auditors' and PAASC '**

Using unstructured questionnaire the in-depth interviews conducted with the head of PAAMC and performance audit division of Federal OFAG and ONRSOAG. Also, it held with the representative of PAASC-Public Accounts Affairs Standing Committee (House of People Representative and Office of the speaker and Secretariat of "Caffee"<sup>5</sup>) of the Regional State of Oromia.

### **3.2.3. Documentary analysis**

Under this method reports and evaluation, strategic planning, directives, manuals, brochures, proclamations, and mass media output and formal study from external body were used in order to assess the role of performance audit in fighting against

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<sup>5</sup> 'Caffe' in Oromo language represent the term Council

roots of corruption and to compare the performance audit trends among the governments.

### 3.3. Sampling design

The sample designing in survey method include the task of determining sample frame, the sample size and specific procedures of selecting potential respondents (Creswell, 2009, p.148).

**Table 3.1 Partner respondents of surveys and interviews: Response rates**

Respondents of survey and interview	Description			
	Sample selected	Respondents contacted	Respondents replied	Response rates (%)
Current Performance Auditors and officials of OAG	20	20	19	95%
OFAG	13	13	12	92.3%
ONRSOAG	7	7	7	100%
Turn-out Performance Auditors	15	15	13	86.6%
OFAG	10	10	8	80%
ONRSOAG	5	5	5	100%
Ethics and Anti-corruption commission staff(EACC)	20	20	20	100%
Federal EACC	10	10	10	100%
Oromia EACC	10	10	10	100%
Legislature-PAAC	2	2	2	100%
Parlama	1	1	1	100%
Oromia council	1	1	1	100%
Head of performance audit division	2	2	2	100%
OFAG	1	1	1	100%
ONRSOAG	1	1	1	100%
<b>Total</b>	<b>59</b>	<b>59</b>	<b>56</b>	<b>94.9%</b>

The population of the study includes performance auditors of OAG, EACC officials and PAASC leaders of both Federal Government and Oromia Regional state. Out of this sample frame 59 potential respondents of the study selected via cluster sampling and only 56 contacted; the rest were those who could not be contacted because of address change. The response rate of the study is about 95% (Table 3.1).

In conclusion, based on the underlying principles of research methods and the research problem mixed methods approach has been chosen as appropriate to this research. More specifically data collection tools used in the study including survey, documentary analysis and in-depth interviews with the partners were justified. The next chapter presents the results and analysis of each of these methods of inquiry.

## **4. Chapter four: Interpretation of Results and Analysis**

The previous chapter has presented the design of research questions and hypotheses including the rationale for undertaking the research using a mixed methods approach and data collection tools used.

In this chapter, results of the surveys, in-depth interviews with performance auditor, Ethics and Anti-corruption Commission Officials and legislature, and documentary analysis are presented and interpreted. Analyses are then formed based upon the interpretation of the results. Therefore, the approach adopted is first to present the outcomes of the different methods separately in to three sections. Then, the results obtained under different methods are jointly analyzed in the subsequent section to address each research question and hypothesis.

Thus, this chapter is organized into four sections. Section 4.1 presents the outcomes of surveys with Ethics and Anti-corruption Commission officials and performance auditors. This is followed by, the results of the documentary study in section 4.2. Then, in-depth interviews with head of performance auditors, and legislature limbs are presented in section 4.3. Finally, Analyses are presented in section 4.4.

### **4.1. Mixed survey results**

The subsequent discussion presents the results of the three surveys concurrently. Particularly, section 4.1.1 presents the profiles of all respondents'. This is pursued by overview of corruption and EACC in sub-section 4.1.2. In sub-section 4.1.3 the overview of performance audit practice is incorporated. Performance auditors' recruitment and turn over trends are presented in subsection 4.1.4. As a final point, the role of performance audits in struggle against corruption is presented in sub-section 4.1.5.

#### **4.1.1. Profile of the respondents**

Surveys were conducted using *cluster sampling* with 20 respondents from EACC staffs and 32 respondents from currently operating and turnout performance auditors of OAG (Table 4.1).

**Table 4.1: Shows respondents' Gender and numbers in each state**

			State or government of respondent		
			Federal government	Oromia regional state	Total
Gender of	Male	Count	26	22	48
		Per cent	54.2	45.8	100.0
	Female	Count	4	0	4
		Per cent	100.0	.0	100.0
	<i>Total</i>	<b>Count</b>	<b>30</b>	<b>22</b>	<b>52</b>
		Percent	57.7	42.3	100.0

Sources: Mixed survey of EACC officials, of turnout auditors and of performance auditors and own computation

In terms of job status (Appendix Table 4.2), 61.5% survey respondents were from OAG and the remaining 38.5% were EACC staff. Moreover, 42.3% of survey respondents had experiences of more than 5 years. OAG staff and have experience. The remainders had experience of less than 5 years (Appendix Table 4.2).

About 78.8% of survey respondents have Bachelor Degree, while 19.2% per cent have a Master Degree or above. The age of most respondents' were in between of 35 and 50 years old (Appendix Table 4.3).

#### 4.1.2. Overview of corruption and EACC

**Table 4.4: Current level of corruption in the states**

What is the current level of corruption in the country/region/city?	State or government of respondent					
	Federal government		Oromia regional state		Total	
	Count	Per cent	Count	Per cent	Count	Per cent
Very serious	6	60.0	4	40.0	10	50.0
Serious	4	40.0	5	50.0	9	45.0
Not serious problem	0	.0	1	10.0	1	5.0
<i>Total</i>	10	100.0	10	100.0	20	100.0

Sources: EACC officials survey Q.No 1 and own computation.

Currently, Ethiopia is one of leading country with rapid economic growth among developing countries. This economic growth is solving the extant problems such as poverty. Like poverty corruption is the other problem dimension in the country.

Even if the EACC commitment dramatically changes the status of corruption, still it is not a simple issue. 60% of people in the survey of EACC at federal level consider

corruption as very serious problem in the country. In the same way, Oromia Regional state's EACC staffs believe corruption is a serious problem in their region (Table 4.4).

**Table 4.5: Establishment of Ethics and Anti-corruption commission in the states**

When did your Ethics and Anti-corruption commission established?	State or government of respondent					
	Federal Government		Oromia Regional state		Total	
	Count	Per cent	Count	Per cent	Count	Per cent
2001 or 1993 E.c.	10	100.0	0	.0	10	100.0
2003 or 1995 E.c.	0	.0	10	100.0	10	100.0

Sources: EACC officials survey Q.No 2 and own computation.

In order to combat corruption, the FEACC and OEACC established in 2001 and 2003 respectively (Table 4.5).

#### **4.1.3. Causes and consequences of corruption**

There are various causes of corruption in Ethiopia especially at federal government and Oromia. 60% of the respondents from Oromia EACC agree that the main causes of corruption in the region includes inadequate accounting and auditing, inefficient civil service system, lack of adequate citizen participation, family and ethnic loyalties and obligations, low level of democratic culture tradition and institutional control. Most respondents from EACC also agree that poverty, harmful cultural practices, weak financial management, worsening of acceptable moral and Ethical values and unclear distinction between private and public interest are the other causes of corruption in the state (Appendix Table 4.6).

Moreover at federal government level, most respondents strongly agree that, lack of clear regulations and authorizations, privatization and problems related to transparency and accountability are the underlying causes for corruption.

Corruption has multidimensional impact on socio-economic factors. For instance 85% of respondents strongly agree that corruption affects capital inflow and investments.

Also, 75% of people in the survey strongly agree that corruption deforms the individual and public sectors, marginalize the poor and reduce government revenue. While 70% of respondents strongly agree that corruption reduce GDP, create social unrest and worsen poverty; half of respondents also strongly agree that international trade and government expenditure influenced by it. Moreover, about 90% respondents from both states commonly stated that corruption directly and indirectly hinders economic and social development (Appendix Table 4.7).

#### **4.1.4. Overview of performance audit practice in each government**

The history of performance audit in Federal Government level and Oromia National Regional State score more than two decades. However, in this time period not only in progress and extended but also pass so many challenges and affected by various factors. The next sub parts emphasis on these issues.

##### **4.1.4.1. Factors affecting performance audit**

There are numerous factors affecting performance audit such as legal mandate, independence, resources, audit methodology and program, experience sharing and relationship with stakeholders in both states. These all factors in detail explained as follow.

##### **Legal Mandate of conducting performance audit**

Performance audit is conducted with legal basis according to proclamation No 68/1997 article 7 and proclamation No 154/2010. Accordingly both the OFAG and Oromia National Regional state OAG have a mandated of conducting four types of performance audit: efficiency audit, program effectiveness, economic audit and environment audit (Appendix Table 4.8).

While OFAG preliminary conduct on legislative, executive and judicial organs of the federal government; ONRSOAG similarly all organs of its respective state including bureaus, agencies, commission, authorities, enterprises and municipalities (Appendix Table 4.9).

Moreover, as all people in the surveys agreed both OFAG and ONRSOAG can conduct performance audit in their respective state on government owned or controlled corporation price share companies, bodies not owned but funded by government, foreign agencies and enterprises with whom the state has joint venture agreements, and agencies to whom performance and delivery of public services is contracted out (Appendix Table 4.9).

### **Independence**

The FDRE constitution article 101, OFAG proclamation No. 68/1997 and ONRSOAG proclamation No. 154/2010 insures the independence of both states OAG assessed.

### **Institutional independence**

Concerning the appointment of Auditor General, the Parliament and Caffee appointed upon recommendation by prime minister and president of Oromia National Regional state for OFAG and OARSOAG respectively. The head of performance audit division in each OAG are appointed by Auditor General (AG) or Deputy Auditor General (DAG) According to the response of respondents in OFAG, there is no fixed term for heading performance audit division. Similarity in ONRSOAG most respondents forward no clear fixed term to it (Appendix Table 4.10).

Most of both states respondent state that the lead or members of OAG have no legal immunity for normal discharge of their duties (Appendix Table 4.10).

### **Budget independence**

All respondents of OFAG observed that as any government entity their SAI prepares its budget and send it to MoFED, then reviewed and finally approved by par lama. In Oromia also first prepared by OAG, then reviewed by OFEDB and finally approved by Caffee. In both states most respondents believe that their OAG not set its own annual budget ceiling and rather influenced by MoFED and OFEDB (Appendix Table 4.11).

## **Resources**

Without required resources audit cannot be conducted. This subpart presents human resource policy and other corporate resources such as finance, infrastructure, and technology facilities enforcement on performance audit.

### **Human staff resource**

All respondents agree that the required performance auditor(s) educational background may include financial auditing, performance auditing, accounting and finance, economics, and management (Appendix Table 4.12).

Also, all respondents from ONRSOAG and more than two thirds of respondents from OFAG agreed that other professionals of social science and natural science such as marketing, law, public administration, medical doctor, Engineering, PSIR, IT expert pharmacy, and urban planning are required to participate on the task of performance audit (Appendix Table 4.12).

### **Recruitment**

All people in the survey of performance auditors forwarded that the number of auditors currently on operation is below the required standard. Each OAG does not have long-levied human resource policies i.e. separate from the rest of civil service. As a result, each of OAG has severe shortage of adequately qualified staff to fulfill its mandate. Except one third, the remaining respondents from OFAG hired directly but, about 71.4% of ONRSOAG hired through non-direct involvement of the office (Appendix Table 4.13).

### **Competency and knowledge of performance auditors**

As observed in the Table 4.14 below/above 88% of OFAG performance auditors consider themselves as competent, however, only about 14.3% of performance auditors in ONROAG are professional competent.

About 90% of auditors have adequate knowledge on how value for money audit can be conducted (Table 4.14).

**Table 4.14: Competency and knowledge of performance auditors**

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
<i>Your suggestion regarding the competency and proficiency of the existing performance auditors in the office:</i>	Excellent	0	.0	0	.0	0	.0
	Very Good	4	33.3	0	.0	4	21.1
	Good	6	50.0	1	14.3	7	36.8
	Satisfactory	0	.0	0	.0	0	.0
	Poor	2	16.7	4	57.1	6	31.6
	Very poor	0	.0	2	28.6	2	10.5
<i>Do performance auditors have adequate knowledge of the operations for their job functions or areas of responsibility?</i>	Yes	12	100.0	5	71.4	17	89.5
	No	0	.0	2	28.6	2	10.5

Sources: Performance auditors survey Q.No. 11 to Q. No. 12 and own computation.

### **Career development arrangement to performance auditor**

The career planning and development arrangement to performance auditors were weak in both OAG. For instance, relevant workshops and seminars provided for less than 50% auditors, and other workshops & seminars arranged for only 26% performance auditors. Training program held on job or regular manner also not satisfactory to shape each performance auditor. Short term training on job arranged for almost more than half of auditors. In spite of this, regular training never arranged for about 70% of them in both states (Appendix Table 4.15).

Moreover, the respondents from OFAG as well as ONRSOAG argue that Scholarship position via professional university courses access is too minimal. For example, in the history of ONRSOAG no one of performance Auditor get free scholarship. In OFAG also, only about 33% got the chance. Besides, feedback and coaching on performance not held for 78% and 68% of performance auditors respectively in both states (Appendix Table 4.15).

Furthermore, OFAG use time based promotions rather than merit based promotions. However, ONRSOAG promotes its performance auditors on the basis of time too less

of them. What is more, less continuing professional education will mean career development opportunities of OAG is unattractive (Appendix Table 4.15).

Also, phased retirement not arranged for more than 84% of performance auditors and 95% of respondents of both states disagree the existence of counseling service provided before and after retirement process. Almost there is no assessment techniques and programs to help staff member of ONRSOAG performance auditors in order to assess their interests, aptitudes and capabilities that linking the information derived to possible careers and jobs (Appendix Table 4.15).

Finally, self-directed and self-development materials provided to value-for-money auditors in both state almost is a type of locked opportunity (Appendix Table 4.15).

OFAG promotes its performance auditors on the basis of their previous period efficiency and experience, but there are no clear promotion criteria in ONRSOAG (Appendix Table 4.16).

### **Retention**

Admittedly, performance auditors not appreciated retention policies of their OAG. For example, no one of respondent positively forward existing reward mechanism. The reward system also depends on time manner and not consist various mechanisms such as attractive salary increment, promotions and other extrinsic rewards (Appendix Table 4.17).

### **Corporate support resources**

In addition to human resource OAG can be influenced by other resources such as financial budget, infrastructure and technology related facilities.

### **Budget resources**

In both states OAG had no trend of department based budgeting system and rather it is requested as an office and finally approved by their respective legislature body. As a result there was not regular review of budget in each performance audit division. Moreover, while the source of budget for performance audit in ONRSOAG is more from local government but in OFAG in addition to respective government supported by international institutions (Appendix Table 4.18).

## **Infrastructure**

All respondents of both OAG of Federal Government and Oromia National Regional State respond that their performance audit division office is in the condition of discouraging of inadequate space and of uncomfortable with disorganized manner. Especially, when auditors' returned from field work to their respective home office these challenges faces them. As a consequence of this, the next tasks may delay. Apart from this there are inadequate performance auditors' meeting and training rooms (Appendix Table 4.19).

The existing training and meeting rooms commonly used by all responsible units are not well-equipped (Appendix Table 4.19). Consequently, most training program enforced to be held in hotels and other places.

## **Technology**

In the current information era, where ever in the world, huge business tasks including auditing are aided by technological facilities such as computerized programs and equipments.

Luckily, almost all OFAG performance auditors have sufficient computers. But on the other hand, only about 29% of ONRSOAG auditors equipped computers. Even so, in average more than 70% performance auditors had computers, no relevant software in use that may speed up the auditing activities. In general in both state technologies used were non-updated and as a result it not meets the user's needs (Appendix Table 4.20).

## **Performance audit methodology and standards**

In order to conduct auditing activities, audit tools, standard and guidelines are required.

## **Tools of conducting performance audit**

All people in the survey agreed that OFAG and ONRSOAG have performance audit tools. However, about 69% of them states the tools are used partially (Appendix Table 4.21).

## **Standards**

Each state OAG conduct performance audit according the set down standards. The standards basically determined with incorporation of each OAG with INTOSAI team. The recent in use standards are aligned more with that of regional SAI called AFROSAI-E and INTOSAI (Appendix Table 4.22).

## **Manuals and guidelines**

Both OFAG and ONRSOAG have their own performance audit manuals and almost it is similar. Also, these guidelines are aligned with International Supreme Audit Institutions and the regional SAI (Appendix Table 4.23).

In OFAG more than half of performance auditors perceive performance audit manual is clear, easy to understand, brief and to the point. In spite of this, more than 70% respondents of ONRSOAG oppose this idea. About 79% respondents believe the manual use some jargon ideas and just over sixty per cent agree that manuals consist solely diagrams and illustrations (Appendix Table 4.24).

The manuals in each state partially and also completely updated in over time. The greatest percentages of respondents believe the manual is partially implemented. For instance, more than 60% of preliminary audit plan, main investigation and report related activities are based on the manual (Appendix Table 4.25 and Appendix Table 4.26).

## **Experience sharing**

25% of OFAG performance auditors share experience each other within the office through team training and meeting. Additionally, more than half of respondents agree that OFAG arranged experience sharing programs with best performing countries and institutions such as AFROSAI-E, INTOSAI, South Africa, Uganda and UK NAO (Appendix Table 4.26).

However, there is no trend of sharing experience among auditors within the office and with best performing region or countries (Appendix Table 4.26).

## **Relations with stakeholders**

Among stakeholders of performance audit the relationship of each OAG with their respective legislature body and auditees stated as follows.

### **Parliament**

There are special relationship between OAG and legislative bodies on area of activity report, appointment, maintaining accountability and follow-up on progress issues. On the contrary, more than 70% respondents suggested, OAG empirically not independent from legislature and executive. Even though tie relationship exist in between them, either Parliament or *Caffee* Council not directly assist OAG on priority audit selection areas (Appendix Table 4.27).

Just over than 70% of respondents in each state expressed performance audit report presents once a year to members of Parliament or *Caffee* council unless special requirement exists. The Auditor General or Deputy of Auditor General present concise performance audit report incorporation with other types of audit.

As a result, the time given is not enough and only matters that may need attention included in the report (Appendix Table 4.28).

Furthermore, the report is not only unrevised timely by Public Accounts Affairs Standing Committee (PAAC) but also not distributed to each member of respective legislature when annually presented (Appendix Table 4.28).

In both states, each respondent believes every performance audit report produced is brief, simple to use, direct and unambiguous language and structurally clearly arranged. In spite of this, only about 20% of respondent not argue that sufficient hard telling evidence and examples not included in the report (Appendix Table 4.29).

In both OFAG and ONRSOAG preparation of each performance audit report pass the following stages of drafting process. First all of outline report is prepared. Secondly, the audit team prepares first draft for auditee. Then, before it sent to audited entity senior management of each audit office revise and review it. Next, liaison and discussion with audited entity is continued. Then, after the audit team prepares other

draft for legislature and again senior management review it in similar manner. Finally, it becomes part of annual report to legislature (Appendix Table 4.30).

### **Audited entities**

All respondents (Appendix Table 4.31) agree that the documentation systems of auditee affect performance audit works. For instance, lack of data and absence of systematic data base or old manual documentation system adversely affect the audit work.

Also, sometimes, documents are not easily accessible and auditees fail to present request documents (Appendix Table 4.31). Just over two thirds of people in the performance auditor survey believe that their relationship with each auditee is more constructive (Appendix Table 4.32).

As stated in the manual, for each concerned audited entity, the final report is sent. Also, all respondents agree that the format and content of the report is similar with those sent for legislature (Appendix Table 4.33).

More than two thirds of people in the survey observe each audit office fail to undertake closure procedure of investigation. About 80% of respondents, also, observe the disappointment of their office to review each response of auditee's within two year then after.

As a result, most of audit impacts were not measured due to lack of human power, rearrangement of audited entities and other reasons (Appendix Table 4.34).

### **Determinants of performance audit program**

There are various factors (Table 4.35) that used for determining Performance audit program; but both OFAG and ONRSOAG depend on availability of resource required and some other assessment (Appendix Table 4.35).

#### **4.1.4.2. Pitfalls**

There are various challenges while performance audit conducted in each state. For instance, lack of sufficient professional auditors and of resources required observed in both states. Also, the cooperation of auditees and legislature attention is too low.

Inadequate documentation system and lack of access to information faced auditors in some governmental units. Due to shortage of information and other inconveniences, the audit task sometimes not run according to auditors' time schedule. Moreover, the independence of auditors become under question as a result of challenges faced them.

#### 4.1.5. Performance auditors recruitment to cut off period

Matured practice of performance audit never realized without sufficient and competent auditors. In both states the rate of auditor's turnout are high. The retention period of most performance auditors were also minimal. The operation environment starting from recruitment procedures up to cut-off of performance auditors are going to present in the following sub-parts.

##### 4.1.5.1. Recruitment period procedures

The staffing process is led by human resource recruitment and promotion committee and there are transparent and established procedures for staff recruitment.

**Table 4.36: Auditors recruitment procedures in each state**

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
<i>Which office recruited you?</i>	MoFED	0	.0	0	.0	0	.0
	OAG	8	100.0	5	100.0	13	100.0
	Other	0	.0	0	.0	0	.0
<i>How you was recruited in OAG?</i>	OAG announced on newspaper, then take written exam, after conducting interview finally join the office.	8	100.0	5	100.0	13	100.0

Sources: Turnout performance auditors survey Q.No. 1 to Q. No. 2. and own computation.

First each OAG announced vacancy through multimedia such as newspaper. Then, written and oral exam would given and finally, those selected candidates would be hired (Table 4.36).

#### **4.1.5.2. Stay on conducting performance audit**

Career development, experience sharing and benefits provided to turnout auditors during their retention with challenges faced them are stated as follow.

##### **Number of retention periods**

The average auditor's retention period in each OAG is low. For instance, most of them not serve more than 5 years and 6 years in OFAG and ONRSOAG respectively (Appendix Table 4.37).

##### **Career development arrangement to performance auditor**

Just more than two thirds of respondents discourage the career planning opportunities arranged for performance auditor in each state (Appendix Table 4.38).

For example, majority of turnout auditors left their office devoid of getting scholarship, without participating on seminars and workshops. Also, there were no on job and regular training provided for more than half of cut-off auditors (Appendix Table 4.39). Since promotion policy of each OAG focuses on time rather than merit basis the practice of feedback on performance is not strong (Appendix Table 4.39).

Additionally planned job rotation provided to more than one thirds of auditors but no continuous professional education provided. While 30% of auditors only get phased retirement, the majority of them not got career related counseling and pre as well as post retirement counseling (Appendix Table 4.39).

##### **Experience sharing**

Only about 8% of people in survey witnessed the existence of experiences sharing among performance auditors within the state. However, during their stay they were not share experience for foreign best performing jurisdiction (Appendix Table 4.40).

##### **Salary and benefits**

The retention mechanism and salary and related benefits provided to turnout auditors present in the below section. There were no good retention mechanisms. The rewarding system and policy of each OAG is almost unattractive (Appendix Table 4.41).

Without salary increment one of thirteen auditors cut-off their job. Since the amount of promotion salary is unattractive, it becomes one of sensitive cause for termination (Table 4.42). Incensement increment e

**Table 4.42: Salary increment and attractiveness**

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Did you have salary increment?	Yes	7	87.5	5	100.0	12	92.3
	No	1	12.5	0	.0	1	7.7
Is the salary of OAG attractive?	Yes	0	.0	0	.0	0	.0
	No	8	100.0	5	100.0	13	100.0

Sources: Turnout performance auditors survey Q.No. 9 to Q. No. 10 and own computation.

There is no attractive benefit allowances provided to auditors except transportation allowance, desert allowance and peridium. Also, OFAG auditors somewhat get education allowance but ONRSOAG auditors were not (Appendix Table 4.43).

All people in turnout auditors survey agree that those aforementioned types of allowances were not unfair with actual spent. For instance, peridium of Br 70 to Br120 not cover their daily consumption during field work (Table 4.44).

**Table 4.44: Unattractive types of allowance in each OAG**

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Is the allowances paid to you was fair?	Yes	0	.0	0	.0	0	.0
	No	8	100.0	5	100.0	13	100.0
If No, which allowance(s) type were not fair with actual spent?	Transportation allowance , Hardship allowance, Per-diem	4	50.0	0	.0	4	30.8
	Transportation allowance, Per-diem	4	50.0	5	100.0	9	69.2

Sources: Turnout performance auditors survey Q.No. 12 to Q. No.13 and own computation.

In each state performance auditors not paid for their overtime performed out of regular time. This may lead them to delay the audit task (Table 4.45).

**Table 4.45: Overtime earning payments**

<i>Does the OAG pay you overtime payment if you work out of regular working hours?</i>	State or government of respondent					
	Federal government		Oromia regional state		Total	
	Count	Per cent	Count	Per cent	Count	Per cent
Yes	0	.0	0	.0	0	.0
No	8	100.0	5	100.0	13	100.0

Sources: Turnout performance auditors survey Q.No. 14 and own computation.

In order to promote performance auditors there is no clear criteria in both OFAG and ONRSOAG. As a result, the promotions provided to them not consider their performance and partially focus on experience or the number years they stay in the offices (Table 4.46).

**Table 4.46: Promotion policy in each OAG**

		State or government of respondent			
		Federal government		Oromia regional state	
		Count	Per cent	Count	Per cent
Does the OAG have clear criteria of promotion?	Yes	0	.0	0	.0
	No	8	100.0	5	100.0
Does the office give promotion timely?	Yes	0	.0	0	.0
	No	8	100.0	5	100.0
Does the office promote based on performance?	Yes	0	.0	0	.0
	No	8	100.0	5	100.0
What are the criteria set for promotion and upgrading performance auditor(s) in OAG?	based on experience or number of years stay	4	50.0	2	40.0
	No clear promotion criteria	4	50.0	3	60.0

Sources: Turnout performance auditors survey Q.No. 15 to Q. No. 20 and own computation.

## Challenges in audit work

Most people in the turnout performance audit survey forwarded challenges faced them in the overall and in each stage of audit task.

Let explain first those problems faced in pre audit stage. In this stage, there is difficulty of determining auditee selected and appropriate audit areas. The assignment and formation of audit team is also arbitrary due to lack of fixed basis.

During conduct of performance audit, problem like threats made by auditee, refusal to provide records, office problem, lack of awareness by auditee, lack of support materials and resources such as book, computer and infrastructure facilities faced them.

**Table 4.47: Causes of auditor's turnout in each state**

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Personnel case	Yes	0	.0	1	20.0	1	7.7
	No	8	100.0	4	80.0	12	92.3
Un-attractive salary and benefit	Yes	8	100.0	5	100.0	13	100.0
	No	0	.0	0	.0	0	.0
Lack of independence	Yes	4	50.0	3	60.0	7	53.8
	No	4	50.0	2	40.0	6	46.2
Dis-satisfaction with the outcome of your work	Yes	8	100.0	5	100.0	13	100.0
	No	0	.0	0	.0	0	.0
Negligence of auditee	Yes	4	50.0	0	.0	4	30.8
	No	4	50.0	5	100.0	9	69.2
Risks of field work	Yes	0	.0	2	40.0	2	15.4
	No	8	100.0	3	60.0	11	84.6

Sources: Turnout performance auditors survey Q.No. 22 and own computation.

Moreover, while audit work run the gap of upgrading qualification, lack of advisor in challenging cases, in adequate transportation and hotels, not timely payment of per diem at field work and remote to access banks and fail to updated the knowhow of various issued government policies, rules, regulations and guide line are observed as challenging issues.

#### **4.1.5.3. Immediate Causes of turnout**

Unattractive salary and benefit and dissatisfaction with the outcome of audit work are the dominant cause for auditors for their turnout (Table 4.47).

#### **4.1.6. Performance audit and struggle against corruption**

Performance audit is one of struggle tool against roots of public sector corruption because its indicators of diseconomy, inefficiency and ineffective may provide clues if corruption exist in the given units of government. Thus, this part going to focus on each state corruption prevention approach, relationship and joint duties of OAG and EACC in order to use the finding of different types of audit especially performance audit.

##### **4.1.6.1. Corruption prevention methods**

In order to prevent corruption the commission of each state uses various part of integrity system. In addition to public participation and encouraging democratic process, doing with watch dog agency such as Ombudsman and OAG are the leading means of fighting corruption (Appendix Table 4.48).

Also, 80% of respondent confirm that participation of civil society and media's are the other side of fighting corruption. Moreover, to tackle corruption both EACC create accountability of judicial process and established national anti-corruption program and strategies like ethical code, disclosure of income and assets and improved procurement procedures (Appendix Table 4.48).

However, the role of stated commissions in involving private sector and creating international cooperation is somewhat weak (Appendix Table 4.48).

##### **4.1.6.2. Relationship between OAG and EACC**

Almost three out of four respondents believe there is no special relationship between respective OAG and EACC. Due to absence of strategic relationships, as more than half of respondents deem prevention directorate of FEACC not consults OAG how to prevent and fight corruption. In fact, in OEACC the situation is vice versa (Appendix Table 4.49).

Just over sixty per cent of respondents in the survey not observe formal corruption investigation on areas of diseconomy, inefficiency and failure to achieve results and impacts provided in the finding report of performance audit (Appendix Table 4.49).

The majority of half of respondents, on the other hand, observe the joint activities of corruption investigation and prosecution directorate with OAG when the finding of audit report may provide clue to corruption if it exists. However, just over thirty five percent of people described each EACC take appropriate legal action based on information obtained from OAG (Appendix Table 4.49).

#### 4.1.6.3. Audit types used against corruption

More than 90% of respondents agree that financial audit, fraud audit and performance audit can be used as a tool against corruption (Table 4.50).

**Table 4.50: Audit types used as tool against corruption in the states**

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Financial audit	Significant	27	90.0	18	81.8	45	86.5
	Non-significant	3	10.0	4	18.2	7	13.5
Fraud audit	Significant	28	93.3	20	90.9	48	92.3
	Non-significant	2	6.7	2	9.1	4	7.7
Environment audit	Significant	17	56.7	7	31.8	24	46.2
	Non-significant	13	43.3	15	68.2	28	53.8
Performance audit	Significant	28	93.3	21	95.5	49	94.2
	Non-significant	2	6.7	1	4.5	3	5.8

Sources: Mixed survey of EACC officials Q.No. 14, of turnout auditors Q.No. 23 and of performance auditors Q. No. 48 and own computation.

#### 4.1.6.4. Cause for of diseconomy, inefficiency and ineffectiveness

The finding of performance audit may become indicate diseconomy, inefficiency and ineffectiveness due to unintentional human negligence, complex and difficult environmental factors and might be due to existence of corruption (Table 4.51).

**Table 4.51: Cause for of diseconomy, inefficiency and ineffectiveness**

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
<i>What are the cause for of diseconomy, inefficiency and failure to achieve results of auditees?</i>	unintentional human negligence	0	.0	0	.0	0	.0
	Complex and difficult environmental factors	0	.0	0	.0	0	.0
	Might be due to existence of corruption	0	.0	0	.0	0	.0
	Unintentional human negligence, complex and difficult environmental factors and might be due to existence of corruption	18	90.0	11	91.7	29	90.6
	Other reasons	2	10.0	1	8.3	3	9.4

Sources: Performance auditors survey Q.No. 49 and Turnout performance auditors survey Q.No. 24 and own computation

#### **4.1.6.5. Accepting performance audit as tool against corruption**

All people in the survey believes that performance audit can be used as tool against corruption and it indicates clues if corruption exist on the performance of government departments, agencies, projects, programs, commissionaires, ministries, bureau, authorities and offices (Appendix Table 4.52).

#### **4.1.6.6. Using performance audit as tool against corruption**

Three out of four respondents observed each states EACC not use the finding of performance audit in the struggle against corruption due to lack of understanding, absence of formal and strategy cooperation, lack of resource such as man power, financial resource, information and material required (Table 4.53).

**Table 4.53. Using performance audit as tool against corruption in the states**

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
<i>Did the Ethics and Ant-corruption Commission use the finding(s) of performance audit in struggle against corruption?</i>	Yes	9	30.0	4	18.2	13	25.0
	No	21	70.0	18	81.8	39	75.0
Lack of understanding	Yes	24	80.0	12	54.5	36	69.2
	No	6	20.0	10	45.5	16	30.8
Lack of experience and trends	Yes	15	50.0	10	45.5	25	48.1
	No	15	50.0	12	54.5	27	51.9
No access to get the performance audit report	Yes	11	36.7	10	45.5	21	40.4
	No	19	63.3	12	54.5	31	59.6
Absence of formal cooperation	Yes	24	80.0	11	50.0	35	67.3
	No	6	20.0	11	50.0	17	32.7
No strategy for joint cooperation	Yes	24	80.0	13	59.1	37	71.2
	No	6	20.0	9	40.9	15	28.8
Lack of resource (man power, financial, information and material)	Yes	24	80.0	9	40.9	33	63.5
	No	6	20.0	13	59.1	19	36.5

Sources: Mixed survey of EACC officials Q.No. 15 to Q.No. 16, of turnout auditors Q.No. 30- 31 and of performance auditors Q. No.53-54 and own computation

#### **4.1.6.7. Joint duty of OAG and EACC**

In order to meet the national and regional anti-corruption policy, as respondents forwarded, each state EACC should have to work jointly with stakeholders. OAG sometimes called watchdog have significant contributing in the struggle against corruption.

Therefore, each state EACC need to enhance proper investigation of those issues sent from OAG, doing together with it as court, prosecutors, legislature and media. Also, create close relationship and integrate OAG actively in the struggle.

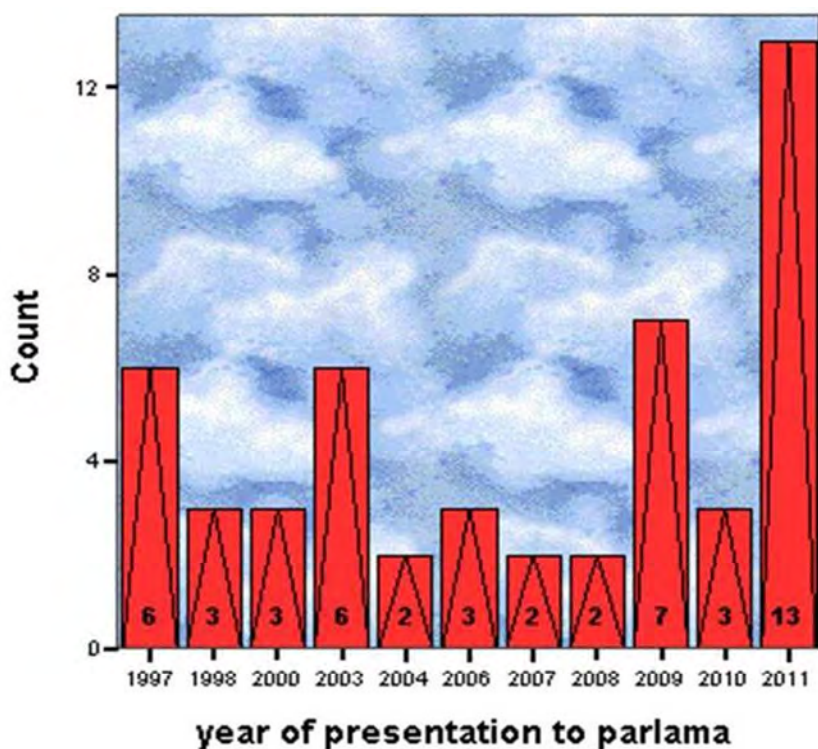
On the other hand, OAG and ONRSOAG need to focus on how to develop knowledge and skill of auditors with package benefits in fighting corruption. Not only capacity building but also, enforcing those who take action as recommended in the audit report and creating special program to discuss on problems of auditee required. Moreover,

each OAG need to provide clear and appropriate information to increase audit coverage and quality.

#### 4.2. Documentary analysis results

This sub parts presents those data acquired from secondary sources and it includes list and finding of audit reports, auditors turn out rate and audit type used in combating corruption.

##### 4.2.1. List of auditees over which performance audit conducted in each state



**Bar 4.1. Number of performance audit report presented over period for par lama**

Conducting performance audit in Ethiopia started in 1990s and presented for par lama for the first time in 1997 (Appendix Table 4.54).

Since, 1992 it is conducted over 50 auditee cases. As an average, 2 performance audits conducted per year in the last two decades (Appendix Table 4.54).

The number of audit conducted per year fluctuates. For instance,

from 1997 to 2000 the number of report presented for par lama reduced. Even though, in 2002 fast improvement observed, the number of performance audit conducted and presented for legislature go down until 2009. In the beginning of second decade of 21<sup>st</sup> century dramatic change observed and about 14 reports incorporated with tabled short report of AG in 2011(Appendix Table 4.54).

In Oromia, from 2004 to 2011 performance audit conducted on 13 audited entities. This indicates its coverage is low and only an average of 2 audits conducted per annual (Appendix Table 4.55).

#### **4.2.2. Performance audit reports and finding**

Finding of performance audit indicates areas of diseconomy, ineffectiveness and inefficiency and its probable causes such as negligence of workers, lack of awareness and absence of study, illegal acts, inadequate resources, inconvenience of environment and corruption.

The current researcher selected the following 5 performance audit reports from OAG in order to show some examples of corruption related suspicion.

- Ethiopian Electric Corporation -property and procurement administration performance audit report
- Fincha Sugar Factory Project performance audit report
- Government vehicle administration performance audit report
- Ministry of Water resource performance audit reports

#### **Ethiopian Electric Power Corporation-property and procurement administration**

When distribution line of western Addis Ababa region put in 21,931kg of copper cable that have value of Br 2,814,172.84 and 279 sodium lumps of Br 491829.57 value were not returned to warehouse. As a result, EEPCO lost Br 3,306,002.41(OFAG 2011b).

#### **Fincha Sugar Factory Project**

In 1996 the project is expected to be accomplished at a cost of Br 667 million but, due to illegal acts like corruption and other problems the project cost raised to Br 1396.77 million. Due to performance audit conducted on the project Br 23,184,296 saved. This saved amount can finance ONRSOAG for 4 solid fiscal years or OFAG for 2 solid fiscal years (OFAG 1996).

## **Government vehicles administration**

In Gondar district 24 vehicles of Ethiopian Road Authority lost their motors and underlying parts. Also, as disclosed in letter of Oromia Bureau of Finance and Economic Development on October 26, 2010 two dozers vanished (OFAG 2011c).

Ministry of Finance and Economic Development acquired three new vehicles with their required escort materials. However, spare tyres were stolen and without further action those vehicles were transferred for respective budgeted sector. Not only this but also property of MoFED Toyota runner with specific board number 4-08027 motors and main parts stolen on March 23,2010.

Moreover, under Ethiopian Road Authority in garage of Shakosh asphalt project in 2009 shortage of 8315 liters of fuel observed. The estimated value of this deficiency as stated on stock card is Br 74,085.70.

No relevant evidence presented how government vehicles disposed. For instance, 116 vehicles of Ministry of Agriculture in 2005, 6 vehicles of Ministry of Trade and Industry in 2010, and 37 vehicles of Ministry of Mineral disposed without clear and transparent procedures. Difficulty of identifying of evidence whether the sales disposal value of each truck included or not in the central government account is surprising.

## **Ministry of Water Resource**

There are various probable indicators of corruption in the final audit report of Ministry of Water Resource conducted on audit area of materials organization services (OFAG 2009).

For instance, when the ministry office reestablished via merging Water Resource Authority, Drinking Water and Liquid Service Authority and Water Resource Administration Director under early Ministry of Natural Resource and Environmental Conservation in August 1995, formal property transfer not undertaken.

Also, project materials did not return to home office when projects accomplished. From 1999 to 2001 huge number of finished and capital materials were acquired and used routinely in uneconomical manner without warehousing procedure.

Recommendation provided by internal as well as external auditors concerning how to improve weakness in properties recording, unbalanced stock inventory, theft materials reported to police stations but no further follow-up, routine shortage of fuels and delay in properties discarding process were not implemented. As informed by internal audit, within two months follow-up test from January to February of 2001 shortage of 10937 liters of gasoline and 645 liters of Benzine occurred.

Moreover, from the ministry's warehouse properties estimated at value of Br312,695.48 have been stolen four times.

For foreign technical professionals' assistance residence rented for Br 1,190,000 and this cost were covered from Netherland environmental support program. On the other hand, in addition to 23 guest rooms in JR campus in other existent residence private persons live with their family without paying water and electricity utility consumption which is covered from the budget of the office.

During 1996 excess property of ERRP (Emergency Relief and Rehabilitation Program) and other relief program and purchased materials distributed to regional's water mineral and energy office. However, mailed materials were not properly delivered and no verification. For instance, properties of Br 90,983 were stolen in-transit, while it sent to Ambara Awash Drainage Administration Enterprises.

There is no detail information about the number and condition of the following 261 vehicles' ministry.

- 30 vehicles deceptively considered as already sold but there is no evidence in both lists of vehicles available for sale and list of vehicles sold.
- Even though 103 vehicles transferred to Ambara Awash Drainage Administration Enterprises and 7 vehicles in National Methodology Service Enterprise, no sufficient preliminary written evidence presented.
- 10 vehicles in Federal Ministry of Agriculture, 10 vehicles in various sectors, 2 vehicles in private garage for maintenance, 1 vehicle its board number changed, 1 vehicle stolen and existence of 8 vehicles were unknown.
- 84 vehicles libere are in the office, however, as verified by internal audit report where the vehicles are unknown

## Relief rehabilitation commission -administration of Urgent Aid

The following corruption intimations are extracted out from final report of 1995 Relief rehabilitation commission-administration of urgent aid performance audit (OFAG 1996).

As a result of insufficient control over in-transit seeds and cocking oils many relief materials were easily raid and inappropriately used. For example, from Nazareth general warehouse 82 packets wheat and 240 barrels cocking oils were stolen. The controlling mechanism commission takes over in transit materials were not effective due to lack of staff and communication facilities. Consequently, it was difficult to take proper action before or after corrupt damage occur.

For instance, as indicated in the minutes of meeting held on July 10, 1992 by Borena relief facilitating group, from Addis and Negelle to Bare 16 dry carry trucks shipped relief materials. However, only 3 trucks reached.

### 4.2.3. Performance auditors turn out rate

Within 4 years from 2008-2011 about 30 performance auditors depart from OFAG. Also, about 23 performance auditors of ONRSOAG cut-off job. These indicate auditor's turnout rates in both states are high.

**Table 4.57 number of performance auditors in each OAG**

			Diplo ma	Bachelor s degree (three or four year program)	Certified Public Account ants (CPAs) or Chartere d Account ants	Mast ers degre e	Docto ral degree s
Office of Auditor General	OFAG	Sex					
		Male	0	39	0	4	0
	Femal e	2	12	0	0	0	
	ONRS OAG	Sex					
Male		0	9	0	0	0	
		Femal e	0	0	0	0	0

#### **4.2.4. Type of audit currently used in struggle against corruption**

In order to combat corruption financial audit played greatest role in Oromia. However, special audit on areas of procurement, performance, inventory control, revenue collection and expenditures used as a tool against corruption at federal government level. Internal audit report of auditees consists 65% of input audit information used by FEACC. Audit findings used by OEACC mainly emanated from ONRSOAG reports. Out of 29 cases 22 audit works were initiated by FEACC and OFAG not reported corruption suspected audit cases directly without invitation to FEACC (Appendix Table 4.56).

#### **4.3. In depth interview results**

The interview conducted with head of performance audit division focuses on current human resources of the division and procedures of sending report and follow-up tasks. Also, both state legislature bodies PAASC provide the overview of committee establishment and the coverage of performance audit in their state.

##### **4.3.1. Human resource**

When the data of this study collected there are 57 auditors and 9 auditors in OFAG and ONRSOAG respectively. 21% of OFAG performance auditors are female. However, all auditors in ONRSOAG are male. Only 4 OFAG auditors hold master's degree the remaining auditors in each OAG are first degree holders (Table 4.57).

##### **4.3.2. Report and follow-up of performance audit in Anti-corruption struggle of EACC**

In both OAG the final report of each performance audit sent to each respective auditee management and legislature bodies. However, based on the finding either OFAG or PAASC not undertake targeted follow-up. There were no trends of using the finding of performance audit in the struggle against corruption in both states.

##### **4.3.3. Establishment of Public Accounts Affairs Standing Committee**

In both states PAASC Established during the third par lama period in 2008 and its mandate and objectives focus on hiring and receiving OAG reports, undertaking

follow-up and control implementation of OAG recommendation on public property and finance management.

#### **4.3.4. Coverage of performance audit and using it for corruption fighting**

The number of performance audit presented is not enough. For instance only about 39 performance audit finding submitted to par lama until half of 2011. In Oromia Regional State also only 6 reports submitted to *Caffe* council within almost a decade. Thus, this indicates the coverage of performance audit in each state is low.

In order to enhance performance audit practice in the country and in the region there is no special arrangements made by each PAASC due to lack of experience and its recently establishment. While the chairman of par lama PAASC deject using corruption suspicion finding of performance audit but the chairman of *Caffe* PAASC did not.

#### **4.4. Analysis**

As stated in section 2.5 in chapter 2 the overarching research question of this thesis is: *‘What problems did face in conducting performance audit and using the findings as input for struggle against corruption?’* In this context, the objectives of this research, as presented previously, are

- Assessing the role played by performance audit or value-for-money audit in fighting roots of public corruption at Federal Government of Ethiopia and Oromia national regional state level.
- Assessing the factors affecting development of performance audit in each government.
- Assessing the joint activities performed by Auditor General and Ethics and Anti-Corruption Commission in combating the roots of public corruption.
- Identifying the formal communication procedures between the Office of the Auditor General and the Ethics and Anti-corruption commission in fighting corruption at each government.

- Identifying the pitfalls observed in conducting performance audit in each Office of Auditor General of Federal Government and Oromia state.
- Identifying the pitfalls observed in using performance audit finding for struggle against public sector corruption.
- Recognizing whether performance audit is conducted by competent and skilled auditors or not.

These broad objectives were stated as specific research questions and hypothesis in chapter 1. The purpose of this part is, hence, to address the specific research questions and hypothesis, and then consider the objectives of the study at large, using data presented in the preceding parts. Accordingly, the first sub part shows how each research question is addressed and the second sub part indicate how research questions and hypothesis addressed using data obtained from different sources. The final sub parts focuses on the application of the findings to the research objectives.

#### **4.4.1. Central and Sub-research questions**

- *Central research questions*

*What are the problems in conducting performance audit and using the findings as input for struggle against corruption?*

Data obtained from OAG performance auditors, turn out performance auditors and EACC official staff mixed surveys, in-depth interviews with head of performance audit division and PAASC and documents held by OFAG and ONRSOAG was employed to address this research question.

As discussed in chapter 2, there are many factors that lead SAIs successful. For example, FACT Team of UK identify eight factors that affects audit conducted by SAI(Crown, 2005, p.28-37): legal framework of Independence, audit remit, access rights, reporting; leadership and strategy; governance of the SAI; adequacy of staff resources (the number and skills of staff available to the SAI); the adequacy of other key resources available to the SAI (finance, Office Space, corporate knowledge base(library), Utilities and IT and non-IT equipment); audit methodology used to deliver audit work such as National standards, INTOSAI standards and International

Standards on Auditing (ISAs); relations with external stakeholder including PAC, audited bodies, MoF, the media, civil society and the general public; and the actual outcomes achieved by the SAI (timeliness, monitoring and follow Up).

Moreover, the finding of Dye and Stapenhurst (1998), White and Hollingsworth (1999), (Waring and Morgan (2007, p. 350-351) and Waring and others (2006) mention several problems and factors that affect an effective audit function.

Accordingly, the underlying problems faced auditors while performance audit conducted in each state summarized as follow.

The budget trends of each OAG shows budget required by offices not approved as it is. Also, the amount approved is not performance based. As a result, each office couldn't provide attractive benefits that motivate auditors to perform well. This reduces the number auditors and their retention period. For example, in ONRSOAG just more than 82% auditors who conduct value for money audit cut off their job and join where attractive salary and promotion policy provided.

Even though the FDRE constitution article 101, OFAG proclamation No. 68/1997 and ONRSOAG proclamation No. 154/2010 insures the independence of both states empirically auditors not have unrestricted access to information. This adversely affects the recommendation finally concluded. If auditors also used right information informally there is no legal immunity provided to them.

Almost half of auditors in both OFAG and ONRSOAG consider themselves as incompetent (Table 4.14) due to this they need technical advice while in field work. However, in addition to frequently provided training and seminars there is no such service and routinely competency building policy.

More over each state OAG conduct the audit according to set down professional audit standards. However, internalizing the standards is too difficult where the task over loaded auditors like in ONRSOAG.

There are other challenges while performance audit conducted in each state. For instance, in adequate professional auditors and lack of sufficient of resources required observed in both states. Also, the cooperation of auditees and legislature attention is too low.

Inadequate documentation system and lack of access to information faced auditors in some governmental units. There is a difficult of assigning auditee selected and appropriate audit areas. The assignment and formation of audit team is also arbitrary due to lack of fixed basis. During conduct of performance audit problem like threats made by auditee, refusal to provide records, office problem, lack of awareness by auditee, lack of support materials and resources such as book, computer and infrastructure facilities faced them.

In general, while audit work run the gap of upgrading qualification, lack of advisor in challenging cases, in adequate transportation and hotels, not timely payment of per diem at field work and remote to access banks and fail to updated the knowhow of various issued government policies, rules, regulations and guide line mostly observed as challenging issues.

In both states finding of performance audit is not used in fighting corruption because of four main problems: absence of a clear mandate, weak relationship, lack of awareness, sharing knowledge and experience between each OAG and EACC.

- ***Sub-research question 1***

***Which types of audit assist and play significant role in corruption fighting in each government?***

Performance and regularity audit can be seen as attaching corruption from different approaches. Both are needed and necessary in the fight of corruption. For that reason, today, Supreme Audit Institutions (SAIs) used performance audit as a tool in combating corruption in most developed and in some developing countries (Sundgren 2009).

In order to combat corruption financial audit played highest role in Oromia. However, special audit on areas of procurement, performance, inventory control, revenue collection and expenditures used as a tool against corruption at federal government level. Internal audit report of auditee consists 65% of input audit information used by FEACC. Audit finding in use by OEACC mainly emanated from ONRSOAG reports (Appendix Table 4.57).

- ***Sub-research question 2***

***What are the causes and consequences of public sector corruption in both governments?***

According to Shah (2007, p.234-236) expression the factors that cause corruption are country specific. In most countries, a variety of factors contribute to corruption in public sectors. These include the complexity of procedures (Kaufmann and Dininio, 2006, p13-19), Poverty, A lack of transparency, inadequate oversight, weak enforcement, institutional weakness, an uncompetitive private sector, the lack of adequate monitoring and supervision, the commitment of political leadership, the nature of accountability relations between the government and citizens (Shah,2007, p.234-236), and the overall environment in the public sector (Purohit, 2007,p. 286.).

There are various causes of corruption in Ethiopia especially at federal government and Oromia. 60% respondents from Oromia EACC agree that the main causes of corruption in the region includes inadequate accounting and auditing, inefficient civil service system, lack of adequate citizen participation, family and ethnic loyalties and obligations, low level of democratic culture tradition and institutional control.

Most respondents from EACC also agree that poverty, harmful cultural practices, weak financial management, worsening of acceptable moral and Ethical values and unclear distinction between private and public interest are the other causes of corruption in the state

Moreover at federal government level, most respondents strongly agree that lack of clear regulations and authorizations, privatization and problems related to transparency and accountability are the underlying causes for corruption to occur.

Different studies show corruption has a negative impact on important economic outcomes. Mauro (1995) and Burki and Perry (1998) claim that corruption reduces economic growth through reduced private investment; Ackerman(1997) disclose that corruption can produce inefficiency and unfairness Government Contracting and Privatizations, can undermine the political legitimacy of the state, can introduce delays and unnecessary requirements, and can slowed growth are the consequence of corruption; Tanzi and Davoodi (1997) argue that corruption lowers the quality of public infrastructure; Gupta et al.(1998) assert that corruption reduces the effectiveness of development aid and increases income inequality and poverty;

Lambsdorff (1999) stated that corruption adversely affects capital accumulation; Kaufmann et al. (1999) find that corruption limits development, as measured by per capita income, child mortality, and literacy; Treisman (1999) and Tomaszewska and Shah (2000) claim that corruption reduces the level and quality of health services; Bai and Wei (2000) argue that corruption affects the making of economic policy; Abed and Davoodi (2000) approved that corruption slows GDP growth; Gupta et al. (2000) expressed corruption lowers the quality of education; and Lederman et al. (2006) and Shah (2007, p.234-236) summarized the impact of corruption on development.

This study also assessed the multidimensional impact of corruption on socio-economic factors. For instance 85% of respondents strongly agree that corruption affects capital inflow and investments. Also, 75% of people in the survey strongly agree that corruption deforms individuals and public sectors, marginalize the poor and reduce government revenue.

While 70% of respondents strongly agree that corruption reduce GDP, create social unrest and worsen poverty; half of respondents also strongly agree that international trade and government expenditure influenced by it. Moreover, about 90% respondents from both states commonly stated that corruption directly and indirectly hinders economic and social development.

- ***Sub-research question 3***

***What are the mechanisms used to prevent, investigate and prosecute corruption in each government?***

National integrity system a well-known concept suggested by Ibrahim Seushi, who is President of Transparency International-Tanzania in 1998, refers to eight institutions which pursue the war against corruption in an interdependent manner and lack or weakness of any of these would increase the burden of the other pillars of integrity. These institutions are political will, administrative reforms, “watchdog” agencies (anti-corruption commissions, supreme audit institutions – (SAIs), ombudsman office) parliaments, public awareness/involvement, the judiciary, the media and the private sector (Dye and Stapenhurst, 1998).

Therefore, in order to prevent corruption the commission of each state uses various part of integrity system. In addition to public participation and encouraging

democratic process, doing with watch dog agency such as Ombudsman and OAG are the leading means of fighting corruption.

Also, 80% of respondent confirm that participating civil society and media's are the other side of fighting corruption. Moreover, to tackle corruption both EACC create accountability of judicial process and established national anti-corruption program and strategies like ethical code, disclosure of income and assets and improved procurement procedures. However, the role of stated commissions in involving private sector and creating international cooperation is somewhat weak.

- ***Sub-research question 4***

***How performance auditors share their experience each other internal and externally?***

25% of OFAG performance auditors share experience each other within the office through team training and meeting. Additionally, more than half of respondents agree that OFAG arranged experience sharing with best performing countries and institutions such as AFROSAI-E, INTOSAI, South Africa, Uganda and UK NAO.

Concerning turnout auditors, only about 8% of people in survey witnessed the existence of experiences sharing among performance auditors within the state. However, during their stay they were not share experience from foreign best performing jurisdiction.

- ***Sub-research question 5***

***Why the turn out rate of performance auditors become high in each government?***

Within 4 years from 2008-2011 about 30 performance auditors depart OFAG. Also, about 23 performance auditors of ONRSOAG cut-off job in 2001 and 2002. Since 2004 OFAG conducted 13 performance audits and 82% of auditors those did the audits' cutoff the office.

These indicate auditor's turnout rates in both states are high. Unattractive salary and benefit and dissatisfaction with the outcome of audit work are the dominating cause for auditors for their turnout.

Additionally, due to lack of independence, negligence of auditee, lack of professional care development and attractiveness of other sectors contribute auditors to leave their OAG.

#### 4.4.2. Specific research hypothesis (RH)

*Performance audit is not used as a tool in fighting roots of public sector corruption at federal government level and Oromia regional state.*

Performance audit attack corruption from various approaches and enhance accountability. High level of corruption exists where accountability is low. The simple model of Klitgaard aforementioned in chapter 2 indicates this fact.

Based on Klitgaard model, the current study researcher attempts to show the role of performance audit's accountability in the following modified model.

$$C = \sum_{n=0}^{\infty} AP - \sum_{n=i}^{\infty} CA \dots\dots\dots \text{Equation 1}$$

Aggregate Absolute Power ( $\sum AP$ )-indicate all conditions and powers that lead somebody to corrupt practice. Specifically it includes monopoly power, discretionary power, opportunity power and other impending powers. Corruption can be occur at least when opportunity (o) power exist.

Contributed Accountability ( $\sum CA$ ) refers to the aggregate accountability that contributed by JEWEL. In its normal usage JEWEL mean gem or a precious stone such as a diamond but the current researcher (Tadele) used JEWEL to express the precious accountability providers- Judicial, Executive, Watchdog agency, Extra accountability providers and Legislature. Where high JEWEL accountability maintained the expansion probability of absolute powers that leads corruption would be low.

Moreover, accountability maintained by SAI as watch dog agency is significant to enhance overall government accountability. Performance audit and regularity audit emanate this accountability. This mean properly planned and conducted performance audit enhance accountability. Thus, aforementioned model can expanded and specifically show the anti role of performance audit over corruption.

$$\text{Corruption(C)} = \text{Aggregate Absolute Powers (AP)} - \text{Contributed Accountability (CA)}$$

Equation 2

$$\text{CA} = \text{JA} + \text{EA} + \text{WA} + \text{E} + \text{LA} \dots\dots\dots \text{Equation 3}$$

$$\text{WA} = \text{SAI} + \text{O} + \text{HR} + \text{OWA} \dots\dots\dots \text{Equation 4}$$

$$\text{SAI} = \text{PA} + \text{RA} \dots\dots\dots \text{Equation 5}$$

After replacing equation 5 in equation 4 and equation 3 the expanded equation indicates the inverse relationship of corruption and performance audit.

$$\text{C} = \text{AP} - (\text{JA} + \text{EA} + \text{PA} + \text{RA} + \text{O} + \text{HR} + \text{OWA} + \text{E} + \text{LA})$$

Where

- C – Corruption
- AP- Absolute Powers
- JA – Judiciary accountability
- EA- Executive accountability
- PA- Performance audit accountability
- RA-regularity audit accountability
- O- Ombudsman accountability
- HR-Human right accountability
- OWA – other watch dog agency accountability
- E- Extra parties’ accountability
- LA-Legislature accountability

Unless further study conducted on how JEWEL can strengthen their contribution to this accountability process, it is difficult to test the model with data of SAI performance audit only.

Moreover, the finding of VFM audit provides clues for corruption in both states. All people in the survey also believe that performance audit can be used as tool against corruption and it indicate clues if corruption exist on the performance of government departments, agencies, projects, programs, commissionaires, ministries, bureau, authorities and offices .

The following corruption clue areas are selected from 5 performance audit reports.

- When distribution line of western Addis Ababa region put in 21,931kg of copper cable that have value of Br 2,814,172.84 and 279 sodium lumps of Br 491829.57 value were not returned to warehouse. As a result, EEPCO lost Br 3,306,002.41.
- In 1996 Fincha Sugar Factory project is expected to be accomplished at a cost of Br 667 million but, due to illegal acts like corruption and other problems the project cost raised to Br 1396.77 million. Due to performance audit conducted on the project Br 23,184,296 saved. This saved amount can finance ONRSOAG for 4 solid fiscal years or OFAG for 2 solid fiscal years.
- No relevant evidence presented how government vehicles disposed. For instance, 116 vehicles of Ministry of Agriculture in 2005, 6 vehicles of Ministry of Trade and Industry in 2010, and 37 vehicles of Ministry of Mineral disposed without clear and transparent procedures.
- During 1996 excess property of ERRP (Emergency Relief and Rehabilitation Program) and other relief program and purchased materials distributed to regional's water mineral and energy office. However, mailed materials were not appropriately delivered and no verification. For instance, properties of Br 90,983 stolen in-transit while it sent from Ministry of Water Resource to Ambara Awash Drainage Administration Enterprises.
- The minutes of meeting held on July 10, 1992 in Relief rehabilitation commission indicated that Borena relief facilitating group shipped relief materials in 16 dry carry trucks from Addis Ababa and Negelle to Bare to serve people under famine. However, only 3 trucks reached.
- No detail relevant information about condition of the following 261 vehicles of Ministry of Water Resource.
  - 30 vehicles falsely considered as already sold but there is no evidence in both lists of Vehicles available for sale and list of vehicles sold.
  - Even though 103 vehicles transferred to Ambara Awash Drainage Administration Enterprises and 7 vehicles in National Methodology Service Enterprise, no sufficient preliminary written evidence presented.
  - 10 vehicles in federal ministry of agriculture, 10 vehicles in various sectors, 2 vehicles in private garage for maintenance, 1 vehicle its board number changed, 1 vehicle stolen and existence of 8 vehicles were unknown.

- 84 vehicles libere are in the office, however, as verified by internal audit report where the vehicles are unknown.

Even though the survey respondents and documentary evidence confirm with corruption suspicion areas in performance audit finding, each state EACC have not used due to lack of understanding, absence of formal and strategy cooperation, lack of resource such as man power, financial resource, information and material required. Therefore, the stated research hypothesis is acceptable.

#### **4.4.3. Application to the research objectives**

This study meets the stated major and specific objectives. The role played by performance audit or VFM audit in fighting roots of public corruption at Federal Government of Ethiopia and Oromia national regional state level are assessed.

Accordingly the finding provides so many clue of corruption but, each state EACC not used as tool of combating corruption.

Also, the factors affecting development of performance audit such as resources and retention mechanism policy of each state assessed. The study approved and identified that the joint activities performed by Auditor General and Ethics and Anti-Corruption Commission in combating the roots of public corruption are minimal.

The study also identified those pitfalls observed in conducting performance audit in each OAG and all of these problems described while the central research question answered. Finally, concerning competency the audit task is run in average by less competent and skilled auditors.

## **5. Chapter 5: Conclusions and recommendation**

The intention of this last chapter is to review the whole thesis and highlight future research directions. Accordingly, section one presents an overview of the thesis and its major findings. The recommendation and implication of the thesis to stake holders is presented in section two. Finally, the future research directions are presented in section three.

### **5.1. Overview of the thesis and its major findings**

The study begins with brief overview of audit and corruption in Ethiopia as a background for the research. Modern audit commenced in 1930s and performance audit implemented in Ethiopia starting 1992. In order to tackle corruption and impropriety, Ethics and Anti- corruption commission established in 2001 and 2003 at Ethiopian Federal government level and Oromia National Regional state respectively.

The theoretical and empirical works on the area of performance audit trends and its role in fighting corruption are reviewed. As indicated in the knowledge gap part the researcher couldn't get direct studies conducted on the role of performance in fighting corruption in Ethiopia. To wrap this gap the current study conducted using mixed approach of quantitative and qualitative method.

The evidence required for study gathered from OFAG and ONRSOAG auditor, EACC officials of federal government and Oromia, chairman of PAASCs', and turnout performance auditors of each state through mixed survey, interview and documents review.

Accordingly the current study reaches on the following underlying findings.

Corruption is a staid problem in both governments. The major causes include inadequate accounting and auditing, inefficient civil service system, lack of adequate citizen participation, family and ethnic loyalties and obligations, low level of democratic culture tradition and institutional, poverty, harmful cultural practices, weak financial management, worsening of acceptable moral and Ethical values and unclear distinction between private and public interest. Also, Corruption has

multidimensional impact on socio-economic factors. Such capital inflow and investments, individual and public sectors deform, marginalize the poor and reduce government revenue and GDP, create social unrest and worsen poverty.

Performance audit commenced in 1992 and in 2004 at federal government and Oromia respectively. However, it is not matured due to various factors and problems such as lack of sufficient professional auditors and cooperation of auditees, less legislature attention, inadequate transportation and documentation system, lack of awareness by auditee, lack of support materials and resources such as book, and infrastructure facilities faced them.

The number of audit conducted per year fluctuates but, only about 50 audit cases and 13 audit cases of value for money audit conducted in Federal and Oromia level respectively. Performance audit finding is not used by each state EACC and rather they focus on financial and special audit. In order to combat corruption financial audit played highest role in Oromia. However, special audit on areas of procurement, performance, inventory control, revenue collection and expenditures used as a tool against corruption at federal government level.

The career planning and development arrangement to performance auditors were weak in both OAG. Performance auditors not appreciated retention policies of their OAG. For example, no one of respondent positively forward existing reward mechanism. The reward system also depends on time manner and not consist various mechanisms such as attractive salary increment, promotions and other extrinsic rewards. OFAG use time based promotions rather than merit based promotions. However, ONRSOAG promotes its performance auditors on the basis of time too less of them.

Additionally there are various challenges while performance audit conducted in each state. For instance, lack of sufficient professional auditors and of resources required observed in both states. Also, the cooperation of auditees and legislature attention is too low.

Also, in both states OAG had no trend of department based budgeting system and rather it is requested as an office and finally approved by their respective legislature body. Each performance audit division office is in the condition of discouraging of

inadequate space and of uncomfortable with disorganized manner. Especially, when auditors' returned from field work to their respective home office these challenges faces them. As a consequence of this, the next tasks may delay

Also, due to aforementioned problems 53 performance auditors leave OFAG and ONRSOAG within four years and about 82% auditors who conduct performance audit in Oromia cut off ONRSOAG.

Unattractive salary and benefit and dissatisfaction with the outcome of audit work are the dominating cause for auditors for their turnout. In order to promote performance auditors there is no clear criteria in both OFAG and ONRSOAG. As a result, the promotions provided to them not consider their performance and partially focus on experience or the number of the years they stay in the offices.

In general in both state technologies used were non-updated and as a result it not meets the user's need. Both OFAG and ONRSOAG have their own performance audit manuals and almost it is similar. Also, these guidelines are aligned with International Supreme Audit Institutions and the regional SAI. The manuals in each state partially and also completely updated in different time.

OFAG performance auditors share experience each other within the office through team training and meeting. Additionally, more than half of respondents agree that OFAG arranged experience sharing with best performing countries and institutions such as AFROSAI-E, INTOSAI, South Africa, Uganda and UK NAO.

The documentation systems of auditee affect performance audit works. For instance, lack of data and absence of systematic data base or old manual documentation system adversely affect the audit work.

There are various factors that used for determining Performance audit program; but both OFAG and ONRSOAG depend on availability of resource required and some other assessment.

All people in the survey believe performance audit can be used as tool against corruption and it indicates clues if corruption exist on the performance of government departments, agencies, projects, programs, commissionaires, ministries, bureau, authorities and offices.

Moreover, due to absence of strong relationship between OAG and EACC in both states the finding of performance audit those indicate lacks of economy, of inefficiency and of ineffectiveness and provide corruption suspicion are not used.

## **5.2. Recommendation**

Based on the findings obtained the following recommendations are forwarded to key stake holders:

- **OAG**
  - ❖ Each OAG should have to create tie relationship with their respective EACC to apply the finding of performance audit as an input tool in anti-corruption struggle.
  - ❖ Both OFAG and ONRSOAG should need to solve those challenges facing auditors and should have to pay attention for auditors' motivation such as salary related benefits, career planning development and enforcing each auditee to implement audit recommendations.
  - ❖ OAG and ONRSOAG have to focus in developing knowledge and skill of auditors with package benefits in fighting corruption.
  - ❖ Each OAG need to provide clear and appropriate information to increase audit coverage and quality.
- **EACC-**
  - ❖ Each government's EACC should arrange awareness programs for auditors on the nature of corruption, detection and prevention of corruption by enhancing joint tasks.
  - ❖ FEACC and OEACC should have to put in strength their respective OAG to voluntarily collaborate and inform them about the issues of corruption clues.
  - ❖ The trend of using diversified type of audits including performance audit should have exist in each commission.
  - ❖ By taking experience from other countries, close relationship should have to build to integrate OAG actively in the struggle.

- **PAASC**
  - ❖ Each state PAASC need to enforce entities audited to implement auditors recommendation.
  - ❖ The committee also should support each OAG to equip with the necessary facilities.
- **Higher Education Institutes**
  - ❖ Universities and colleges in the country need to focus on launching pure audit program to assist and expand audit works by producing competent human power.

### **5.3. Future study area**

This study raises some interesting research problems and future directions for further studies.

The future researchers have to focus on over all audit roles in enhancing accountability and fight of corruption in public and private sectors.

The significance of regularity auditing in combating corruption; review of cost and benefit for performance audits; the adequacy of performance audit coverage in terms of the length of time spent on each audit and the type of audit conducted need further investigation.

Not only those aforementioned issues but also interested researcher can review the introduction of performance audits in overseas countries, and ascertain if there are any similarities or differences to Ethiopia.

Also, detailed analysis on why the Auditor's-General Offices are losing experienced staff is expected from future researcher.

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## **Appendix L1\_ : Development of performance audit**

### **Development of performance audit**

The responses to the question 'when and where did performance audit first commenced?' is controversial issues in historical development of VFM audit. In general, when writing for a performance audit growth, it is good practice to analyze the early important work.

Recent research (Flesher et al., 2003) has found that the concept of value-for-money auditing has been around for centuries. For example, such audits were conducted by English governmental auditors as early as 1180 and 1662; Roman writers such as Aristophanes, Caesar, and Cicero carry the concept back to Biblical times; The Zenon papyri record the application of VFM audits on the Egyptian estate of the Greek ruler Ptolemy Philadelphus II as early as 2,500 years ago (Flesher *et al.*, 2002, p. 94). These ancient audits were in many respects similar to those of the modern VFM auditor in that they included an evaluation of the propriety of activities reflected in the accounts. Emphasis was on improving management control over the activities of the organization.

Nosworthy (1999, p.4) in his study on Role of the Auditor General in Public Accountability summarize the work of Dilley (1975) and Glynn (1987) and express the development of performance audit.

“The term 'performance auditing' was promulgated by the General Accounting Office of America (GAO hereafter) in the early 1970's. These early years witnessed an average 150 performance audit reports to Congress, and by the mid-1970's, economy and efficiency audits occupied approximately 50% of staff time, of which 30% was devoted to efficiency auditing.”

Research carried out by Hamburger indicate that the political circumstances of the 1970's, a reformist Government and a new Auditor-General encouraged a parallel move in Australia following the lead of the United Kingdom and Canada in the development and adoption of 'performance auditing' (Hamburger, 1966 cited in Nosworthy, 1999, p.5).

The study conducted by McCrae and Vada (1997) indicate that before the 1960s, only few countries practiced performance auditing. The forerunners were the United States and Sweden. Pollitt et al., (1999) as cited in English (2007), suggests that Performance auditing developed from the need to provide assurance of the achievement of the administrative objectives of New Public Management (NPM) in the public sector: economy, efficiency, effectiveness and ‘good management’ of government programs.

In short most studies indicate, despite the ancient recognition the concept of performance audit are essentially a twentieth century phenomenon (Flesher *et al.*, 2002, p. 102 and is a very new development in the history of auditing. It is by-product of the modern public management and these audits are complex by nature (Gronlund et al., 2011). Currently become part of government audit, in all member countries of the International Organisation of Supreme Audit Institutions (INTOSAI). In Ethiopia at federal government level, also, performance audit is developed and aged more than two decades.

**Appendix L2\_ : Transparency international index of corruption 2009 for AFROSAI-E member countries.**

Transparency international index of corruption 2009 for AFROSAI-E member countries.

<b>RANK</b>	<b>COUNTRY</b>	<b>CPI 2009 SCORE</b>
37	Botswana	5.6
42	Mauritius	5.4
54	Seychelle	4.8
55	South Africa	4.7
56	Namibia	4.5
69	Ghana	3.9
79	Swaziland	3.6
89	Lesotho	3.3
89	Malawi	3.3
89	Rwanda	3.3
97	Liberia	3.1
99	Zambia	3
106	Gambia	2.9
120	Ethiopia	2.7
126	Eritrea	2.6
126	Tanzania	2.6
130	Mozambique	2.5
130	Nigeria	2.5
130	Uganda	2.5
146	Kenya	2.2
146	Sierra Leone	2.2
146	Zimbabwe	2.2
162	Angola	1.9

## **Appendix L3\_ : Indicators of corruption highlighted by performance auditing**

### **Indicators of Corruption Highlighted by Performance Auditing**

Khan (2006, p.19) stated Performance auditing can, however, provide some clue to corruption if it exists. For this purpose, the performance auditors need to go a step deeper into the issues identified during the audit planning stage.

Generally, if the findings of the performance audit are the following nature as stated, the suspicion that corruption had taken place in these projects or programs would be quite high:

#### ***Corruption Indicated by Lack of Economy***

- ➔ Cost overruns have taken place as a result of subsequent increase in the scope of work which has not been approved by the competent authority.
- ➔ The accountability mechanism for exceeding the budget is weak. It means, if a program manager exceeds his or her budget, he or she can get away with it, without much accountability.
- ➔ The unit cost of some components of the total procurement is Exorbitant, while the overall bid price is the lowest. The components with higher prices are subject of repeat orders.
- ➔ Bids for competitive procurement may be cancelled frequently to help a specific vendor get the award of the contract.
- ➔ After competitive bidding, the prices are increased by adding some small segments of goods and services not originally conceived.
- ➔ Procurement is rushed at the year-end to consume the budget.
- ➔ In case of privatization, the friends, relations or front men of persons making the decision of privatization purchase the public asset. An obvious conflict of interest exists.
- ➔ The options analysis for justifying the project or program was based on fake data or false assumptions.

➔ Based on bogus assumptions, the decision to provide in-house services as compared to outsourcing through competitive bidding may be with the intention of having access to a greater chunk of the budget and thus creating opportunity for the staff to indulge in corruption and misappropriation.

➔ Large known dealers in certain line of products systematically avoid participating in the open bidding process of the organization. Usually, they do not like to get into the ‘hassle’ of getting their invoices paid in a corrupt environment.

### ***Corruption Indicated by Lack of Efficiency***

- ☞ Huge idle capacity is created or unnecessary equipment purchased without significant possibilities of use even over time.
- ☞ Expenditure on maintenance is disproportionately high soon after the completion of the project.
- ☞ Regular maintenance is neglected and infrastructure is allowed to deteriorate while new projects are being planned. [The intention of neglecting routine maintenance is to divert funds toward new projects.]
- ☞ Poor quality of construction, shoddy materials, choked gutters, clogged drains, piling of waste material and rubbish around construction sites are indicators of corruption.
- ☞ Abnormal time-over run (over and above a reasonable figure adopted as audit criteria) accepted and regularized by the management as ‘beyond control’.
- ☞ Repeated extensions are given to the contractors.
- ☞ Repeated change orders are issued leading to changes in the scope of work and prices to be paid or changes made in the quality of the goods and services to be delivered.
- ☞ Repeated transfers of the project staff are made to ensure complete absence of institutional memory or continuity of oversight within the organization.
- ☞ Liquidated damages clause in the contract defined in such a manner that it does not have a bite.
- ☞ An over-load of controls, or existence of complicated procedures leading to delay in delivery of service and inducing the clients to offer bribes.

- ☞ Absence of any service delivery benchmarks and excessive time taken for issuing licenses and permits, encouraging payment of speed money.

### ***Corruption Indicated by Lack of Effectiveness***

- ☞ Well-articulated, measurable or quantified performance indicators do not exist.
- ☞ Actual internal rate of return (IRR) is significantly lower than anticipated.
- ☞ A survey of clients' perceptions reveals a high level of dissatisfaction with the delivery of services. Outputs and services are not delivered as planned or quality is seriously undermined.
- ☞ There are barriers to reach the senior management for protesting against poor quality of service and there is no other complaint handling mechanism to address the complaints of the unsatisfied users of services.

### ***Preventive Role of Performance Auditing***

The performance auditing can help minimize corruption by creating deterrent. Following could be a good practice (Khan 2006, p.21):

- a. The top management or governing body should encourage performance auditing over routine compliance auditing.
- b. The top management should inform all program managers that their performance would be audited. All programs and projects should be subjected to performance audit periodically.
- c. The top management should support the performance auditors in developing mutually acceptable performance audit criteria and all managers should be aware of the criteria.
- d. The top management should also prescribe in detail the mechanism for accumulating data and other information on performance of the program at the levels of individual manager, unit or section. The performance auditors should take these data as assertions of the management about their performance and verify these assertions during their audit work.
- e. The top management should invite the performance auditors to hold short

workshops and orientation sessions for the program managers and sectional heads on performance auditing.

- f.** The management should adopt a policy of widely circulating the results of performance auditing, giving credit to those whose performance have been up to the mark in the light of the criteria adopted. This would encourage the managers to adopt the culture of performance auditing.
- g.** It should be part of standard management policy to undertake independent investigations where the results of performance audit indicate a possibility of corruption.
- h.** The performance audit recommendations agreed to by the program managers should be implemented in all earnest.

**Appendix Table 3.2 Relation between the research questions and hypothesis and the research design**

No.	Research question/hypothesis	Name of variables/issues investigated	Items in the surveys, documentary analysis and in-depth interviews
CRQ	<i>What problems did face in conducting performance audit and using the findings as input for struggle against corruption?</i>	<ul style="list-style-type: none"> <li>▪ Factors affecting performance Audit               <ul style="list-style-type: none"> <li>➤ mandate</li> <li>➤ Independence</li> <li>➤ Resources</li> <li>➤ Audit Methodology and Standards</li> <li>➤ Experience sharing</li> <li>➤ Stakeholder</li> <li>➤ audit program</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ PAr Survey Q.no.1 to 45,</li> <li>▪ Audit report summary</li> <li>▪ Budget summary</li> <li>▪ Legislatuere interview</li> <li>▪ Performance audit division</li> </ul>
		<ul style="list-style-type: none"> <li>▪ Pitfalls</li> </ul>	<ul style="list-style-type: none"> <li>▪ PAr Survey Q.no. 46-47</li> <li>▪ Audit report summary</li> </ul>
		<ul style="list-style-type: none"> <li>▪ Using performance audit as tool against corruption</li> </ul>	<ul style="list-style-type: none"> <li>▪ PAr Survey Q.no. 53-54</li> <li>▪ Turn-out PA Q.No. 30-31</li> <li>▪ EACC Survey Q.no. 15-16</li> </ul>
		<ul style="list-style-type: none"> <li>▪ Relationship between OAG and EACC</li> </ul>	<ul style="list-style-type: none"> <li>▪ PA Survey Q.no. 51a-51h</li> <li>▪ EACC Survey Q.no. 6-13</li> </ul>
		<ul style="list-style-type: none"> <li>Joint duty of OAG and EACC</li> </ul>	<ul style="list-style-type: none"> <li>▪ PAr Survey Q.no. 55</li> <li>▪ EACC Survey Q.no. 17</li> <li>▪ Turn-out PAr Q.No.32</li> </ul>
RH	<i>Performance audit is not used as a tool in fighting roots of public sector corruption at federal government level and Oromia regional state.</i>	<ul style="list-style-type: none"> <li>Using performance audit as tool against corruption</li> </ul>	<ul style="list-style-type: none"> <li>▪ PAr Survey Q.no. 53-54</li> <li>▪ Turn-out PAr Q.No. 30-31</li> <li>▪ EACC Survey Q.no. 15-16</li> <li>▪ Audit report summary</li> </ul>
		<ul style="list-style-type: none"> <li>Relationship between OAG and EACC</li> </ul>	<ul style="list-style-type: none"> <li>▪ PAr Survey Q.no. 51a-51h</li> <li>▪ EACC Survey Q.no. 6-13</li> </ul>
SRQ	<i>Which type(s) of audit</i>	Audit types used against	<ul style="list-style-type: none"> <li>▪ PAr Survey Q.no 48,</li> </ul>

No.	Research question/hypothesis	Name of variables/issues investigated	Items in the surveys, documentary analysis and in-depth interviews	
1	<i>assist and play significant role in corruption fighting in each state?</i>	corruption	<ul style="list-style-type: none"> <li>▪ EACC Survey Q.no. 14</li> <li>▪ Turn-out PAr Q.No. 23</li> <li>▪ Documented audit report from EACC</li> </ul>	
SRQ 2	<i>What are the mechanisms used to prevent, investigate and prosecute corruption in each state?</i>	<ul style="list-style-type: none"> <li>▪ Corruption prevention methods</li> </ul>	<ul style="list-style-type: none"> <li>▪ EACC Survey Q.no 5</li> </ul>	
SRQ 3	<i>What are the causes and consequences of public sector corruption in both states?</i>	<ul style="list-style-type: none"> <li>▪ Causes of corruption</li> <li>▪ Consequences of Corruption</li> </ul>	<ul style="list-style-type: none"> <li>▪ EACC Survey Q.no 3</li> <li>▪ EACC Survey Q.no 4</li> </ul>	
SRQ 4	<i>How performance auditors share their experience each other internal and externally?</i>	<ul style="list-style-type: none"> <li>▪ Experience sharing</li> </ul>	<ul style="list-style-type: none"> <li>▪ PAr Survey Q.no 36-37</li> <li>▪ Turn-out PAr Q.No. 6-7</li> </ul>	
SRQ 5	<i>Why performance auditors turn out become high in each state?</i>	<ul style="list-style-type: none"> <li>▪ Recruitment</li> </ul>	<ul style="list-style-type: none"> <li>▪ Turn-out PAr Q.No.1-2</li> </ul>	
		Stay on conducting performance audit		
		<ul style="list-style-type: none"> <li>▪ Number of audits and retention periods</li> </ul>	<ul style="list-style-type: none"> <li>▪ Turn-out PAr Q.No.3</li> </ul>	
		<ul style="list-style-type: none"> <li>▪ Career development arrangement to performance auditor</li> </ul>	<ul style="list-style-type: none"> <li>▪ Turn-out PAr Q.No.4 &amp;5</li> </ul>	
		<ul style="list-style-type: none"> <li>▪ Experience sharing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Turn-out PAr Q.No.6 &amp;7</li> </ul>	
		<ul style="list-style-type: none"> <li>▪ Salary and benefits</li> </ul>	<ul style="list-style-type: none"> <li>▪ Turn-out PAr Q.No.8 to 18</li> </ul>	
		<ul style="list-style-type: none"> <li>▪ Challenges in Audit work</li> </ul>	<ul style="list-style-type: none"> <li>▪ Turn-out PAr Q.No.19. 20, and 21</li> </ul>	
		<ul style="list-style-type: none"> <li>▪ Immediate Causes of turnout</li> </ul>	<ul style="list-style-type: none"> <li>▪ Turn-out PAr Q.No.22</li> <li>▪ Summary of performance auditor turn outing</li> </ul>	

**Appendix Table 4.2: Shows respondents' job status and experience**

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Current job status of respondent	Head of	0	.0	1	4.5	1	1.9
	Head of performance auditor division	3	10.0	1	4.5	4	7.7
	Performance auditor in OAG	9	30.0	5	22.7	14	26.9
	Turn out performance auditor and working in other office	8	26.7	5	22.7	13	25.0
	Subtotal	20	66.7	12	54.5	32	61.5
	EACC staff	10	33.3	10	45.5	20	38.5
	Total	30	100.0	22	100.0	52	100.0
Category of respondent experience	Less than 1 year	0	.0	0	.0	0	.0
	1-2 year	2	6.7	0	.0	2	3.8
	2-3 year	2	6.7	6	27.3	8	15.4
	3-4 year	7	23.3	8	36.4	15	28.8
	4-5 year	0	.0	5	22.7	5	9.6
	Above 5 year	19	63.3	3	13.6	22	42.3
	Total	30	100.0	22	100.0	52	100.0

Sources: Mixed survey of EACC officials, of turnout auditors and of performance auditors and own computation

**Appendix Table 4.3: Respondents' educational level and age**

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Educational level of respondents'	Grade 10 or 12 complete	0	.0	0	.0	0	.0
	Certificate	0	.0	0	.0	0	.0
	Diploma	1	3.3	0	.0	1	1.9
	Bachelor degree	23	76.7	18	81.8	41	78.8
	Subtotal	24	80.0	18	81.8	42	80.8
	Master degree	6	20.0	4	18.2	10	19.2
	Above Master degree	0	.0	0	.0	0	.0

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Subtotal		6	20.0	4	18.2	10	19.2
Total		30	100.0	22	100.0	52	100.0
Age category of respondents'	Below 25	1	3.3	0	.0	1	1.9
	25 to 35	8	26.7	11	50.0	19	36.5
	35 to 50	17	56.7	10	45.5	27	51.9
	Above 50	4	13.3	1	4.5	5	9.6
	Total	30	100.0	22	100.0	52	100.0

Sources: Mixed survey of EACC officials, of turnout auditors and of performance auditors and own computation

**Appendix Table 4.6: Causes of corruption in the states**

Which of the following are (is) the major causes of corruption in Ethiopia/ federal government/ regional government/ city government level?		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Family and ethnic loyalties and obligations,	Strongly Disagree	0	.0	1	10.0	1	5.0
	Disagree	5	50.0	1	10.0	6	30.0
	Neither agree nor disagree	1	10.0	0	.0	1	5.0
	Agree	3	30.0	6	60.0	9	45.0
	Strongly Agree	1	10.0	2	20.0	3	15.0
	Total	10	100.0	10	100.0	20	100.0
Harmful cultural practices	Strongly Disagree	0	.0	0	.0	0	.0
	Disagree	0	.0	0	.0	0	.0
	Neither agree nor disagree	0	.0	4	40.0	4	20.0
	Agree	7	70.0	4	40.0	11	55.0
	Strongly Agree	3	30.0	2	20.0	5	25.0
	Total	10	100.0	10	100.0	20	100.0
Extreme poverty	Strongly Disagree	0	.0	0	.0	0	.0
	Disagree	0	.0	0	.0	0	.0
	Neither agree nor disagree	2	20.0	5	50.0	7	35.0
	Agree	4	40.0	3	30.0	7	35.0
	Strongly Agree	4	40.0	2	20.0	6	30.0
	Total	10	100.0	10	100.0	20	100.0
Inadequate accounting and auditing	Strongly Disagree	0	.0	0	.0	0	.0
	Disagree	1	10.0	0	.0	1	5.0
	Neither agree nor disagree	0	.0	0	.0	0	.0

Which of the following are (is) the major causes of corruption in Ethiopia/ federal government/ regional government/ city government level?	State or government of respondent						
	Federal government		Oromia regional state		Total		
	Count	Per cent	Count	Per cent	Count	Per cent	
	disagree						
	Agree	2	20.0	6	60.0	8	40.0
	Strongly Agree	7	70.0	4	40.0	11	55.0
	Total	10	100.0	10	100.0	20	100.0
Inefficient civil service system	Strongly Disagree	0	.0	0	.0	0	.0
	Disagree	0	.0	2	20.0	2	10.0
	Neither agree nor disagree	0	.0	0	.0	0	.0
	Agree	4	40.0	6	60.0	10	50.0
	Strongly Agree	6	60.0	2	20.0	8	40.0
	Total	10	100.0	10	100.0	20	100.0
Lack of adequate citizen participation	Strongly Disagree	0	.0	0	.0	0	.0
	Disagree	0	.0	2	20.0	2	10.0
	Neither agree nor disagree	0	.0	1	10.0	1	5.0
	Agree	3	30.0	6	60.0	9	45.0
	Strongly Agree	7	70.0	1	10.0	8	40.0
	Total	10	100.0	10	100.0	20	100.0
Lack of clear regulations and authorization	Strongly Disagree	0	.0	1	10.0	1	5.0
	Disagree	0	.0	2	20.0	2	10.0
	Neither agree nor disagree	0	.0	1	10.0	1	5.0
	Agree	1	10.0	3	30.0	4	20.0
	Strongly Agree	9	90.0	3	30.0	12	60.0
	Total	10	100.0	10	100.0	20	100.0
Low level of democratic culture and tradition	Strongly Disagree	0	.0	2	20.0	2	10.0
	Disagree	0	.0	1	10.0	1	5.0
	Neither agree nor disagree	2	20.0	0	.0	2	10.0
	Agree	4	40.0	6	60.0	10	50.0
	Strongly Agree	4	40.0	1	10.0	5	25.0
	Total	10	100.0	10	100.0	20	100.0
Low level of institutional control	Strongly Disagree	0	.0	0	.0	0	.0
	Disagree	0	.0	0	.0	0	.0
	Neither agree nor disagree	0	.0	0	.0	0	.0
	Agree	6	60.0	6	60.0	12	60.0
	Strongly Agree	4	40.0	4	40.0	8	40.0
	Total	10	100.0	10	100.0	20	100.0
Privatization	Strongly Disagree	1	10.0	2	20.0	3	15.0
	Disagree	1	10.0	1	10.0	2	10.0
	Neither agree nor disagree	2	20.0	3	30.0	5	25.0

Which of the following are (is) the major causes of corruption in Ethiopia/ federal government/ regional government/ city government level?	State or government of respondent						
	Federal government		Oromia regional state		Total		
	Count	Per cent	Count	Per cent	Count	Per cent	
	Agree	1	10.0	3	30.0	4	20.0
	Strongly Agree	5	50.0	1	10.0	6	30.0
	Total	10	100.0	10	100.0	20	100.0
Problems related to transparency and accountability	Strongly Disagree	0	.0	0	.0	0	.0
	Disagree	0	.0	0	.0	0	.0
	Neither agree nor disagree	0	.0	0	.0	0	.0
	Agree	2	20.0	3	30.0	5	25.0
	Strongly Agree	8	80.0	7	70.0	15	75.0
	Total	10	100.0	10	100.0	20	100.0
Weak financial management	Strongly Disagree	0	.0	0	.0	0	.0
	Disagree	0	.0	0	.0	0	.0
	Neither agree nor disagree	0	.0	0	.0	0	.0
	Agree	8	80.0	5	50.0	13	65.0
	Strongly Agree	2	20.0	5	50.0	7	35.0
	Total	10	100.0	10	100.0	20	100.0
Worsening of acceptable moral and ethical values	Strongly Disagree	2	20.0	1	10.0	3	15.0
	Disagree	0	.0	0	.0	0	.0
	Neither agree nor disagree	0	.0	2	20.0	2	10.0
	Agree	5	50.0	3	30.0	8	40.0
	Strongly Agree	3	30.0	4	40.0	7	35.0
	Total	10	100.0	10	100.0	20	100.0
unclear distinction between private and public interests	Strongly Disagree	0	.0	2	20.0	2	10.0
	Disagree	2	20.0	0	.0	2	10.0
	Neither agree nor disagree	1	10.0	2	20.0	3	15.0
	Agree	3	30.0	4	40.0	7	35.0
	Strongly Agree	4	40.0	2	20.0	6	30.0
	Total	10	100.0	10	100.0	20	100.0

Sources: EACC officials survey Q.No 3 and own computation.

**Appendix Table 4.7: Consequences of corruption in the states**

Which of the following are (is) Consequences of Corruption?		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Affect capital inflows and foreign direct investments (FDI)	Strongly Disagree	0	.0	0	.0	0	.0
	Disagree	0	.0	0	.0	0	.0
	Neither agree nor disagree	0	.0	0	.0	0	.0
	Agree	1	10.0	2	20.0	3	15.0
	Strongly Agree	9	90.0	8	80.0	17	85.0
Affect Foreign aid	Strongly Disagree	0	.0	0	.0	0	.0
	Disagree	1	10.0	0	.0	1	5.0
	Neither agree nor disagree	0	.0	1	10.0	1	5.0
	Agree	6	60.0	6	60.0	12	60.0
	Strongly Agree	3	30.0	3	30.0	6	30.0
Affect the on-going poverty reduction	Strongly Disagree	0	.0	0	.0	0	.0
	Disagree	0	.0	0	.0	0	.0
	Neither agree nor disagree	0	.0	0	.0	0	.0
	Agree	3	30.0	3	30.0	6	30.0
	Strongly Agree	7	70.0	7	70.0	14	70.0
Create social unrest	Strongly Disagree	0	.0	0	.0	0	.0
	Disagree	0	.0	0	.0	0	.0
	Neither agree nor disagree	0	.0	0	.0	0	.0
	Agree	6	60.0	2	20.0	8	40.0
	Strongly Agree	4	40.0	8	80.0	12	60.0
Deforms the individual and the public sectors	Strongly Disagree	0	.0	0	.0	0	.0
	Disagree	1	10.0	0	.0	1	5.0
	Neither agree nor disagree	0	.0	0	.0	0	.0
	Agree	3	30.0	1	10.0	4	20.0
	Strongly Agree	6	60.0	9	90.0	15	75.0
Destroys faith in democracy	Strongly Disagree	1	10.0	0	.0	1	5.0
	Disagree	0	.0	0	.0	0	.0
	Neither agree nor disagree	0	.0	0	.0	0	.0
	Agree	4	40.0	2	20.0	6	30.0
	Strongly Agree	5	50.0	8	80.0	13	65.0
Hinders economic and social development	Strongly Disagree	0	.0	0	.0	0	.0
	Disagree	0	.0	0	.0	0	.0
	Neither agree nor disagree	0	.0	0	.0	0	.0
	Agree	1	10.0	1	10.0	2	10.0

Which of the following are (is) Consequences of Corruption?		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
	Strongly Agree	9	90.0	9	90.0	18	90.0
Influence international trade	Strongly Disagree	1	10.0	0	.0	1	5.0
	Disagree	0	.0	0	.0	0	.0
	Neither agree nor disagree	2	20.0	0	.0	2	10.0
	Agree	2	20.0	5	50.0	7	35.0
	Strongly Agree	5	50.0	5	50.0	10	50.0
Increase government expenditure	Strongly Disagree	0	.0	0	.0	0	.0
	Disagree	1	10.0	0	.0	1	5.0
	Neither agree nor disagree	0	.0	0	.0	0	.0
	Agree	6	60.0	3	30.0	9	45.0
	Strongly Agree	3	30.0	7	70.0	10	50.0
Marginalize the poor	Strongly Disagree	1	10.0	0	.0	1	5.0
	Disagree	1	10.0	0	.0	1	5.0
	Neither agree nor disagree	0	.0	0	.0	0	.0
	Agree	1	10.0	2	20.0	3	15.0
	Strongly Agree	7	70.0	8	80.0	15	75.0
Reduce GDP	Strongly Disagree	0	.0	0	.0	0	.0
	Disagree	0	.0	0	.0	0	.0
	Neither agree nor disagree	2	20.0	0	.0	2	10.0
	Agree	1	10.0	3	30.0	4	20.0
	Strongly Agree	7	70.0	7	70.0	14	70.0
Reduce government revenue	Strongly Disagree	0	.0	0	.0	0	.0
	Disagree	0	.0	0	.0	0	.0
	Neither agree nor disagree	0	.0	0	.0	0	.0
	Agree	1	10.0	4	40.0	5	25.0
	Strongly Agree	9	90.0	6	60.0	15	75.0
Undermines the legitimacy of the governments	Strongly Disagree	0	.0	0	.0	0	.0
	Disagree	1	10.0	0	.0	1	5.0
	Neither agree nor disagree	0	.0	0	.0	0	.0
	Agree	5	50.0	1	10.0	6	30.0
	Strongly Agree	4	40.0	9	90.0	13	65.0
Worsen poverty	Strongly Disagree	0	.0	0	.0	0	.0
	Disagree	1	10.0	0	.0	1	5.0
	Neither agree nor disagree	0	.0	0	.0	0	.0
	Agree	3	30.0	2	20.0	5	25.0
	Strongly Agree	6	60.0	8	80.0	14	70.0

Sources: EACC officials survey Q.No 4 and own computation.

**Appendix Table 4.8: legal basis and mandate to carry out the types of performance audit**

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
What is the legal basis of your performance audit department's mandate?	Constitution	1	8.3	0	.0	1	5.3
	Proclamation	11	91.7	7	100.0	18	94.7
	Regulation	0	.0	0	.0	0	.0
	Special law other than the Constitution, proclamation and regulation	0	.0	0	.0	0	.0
	Others	0	.0	0	.0	0	.0
	Total	12	100.0	7	100.0	19	100.0
	Does your Auditor General have the legislative mandate to carry out the following types of performance audit?	Efficiency audit	0	.0	0	.0	0
Program effectiveness audit		0	.0	0	.0	0	.0
Performance management capacity audit		0	.0	0	.0	0	.0
Environment Audits		0	.0	0	.0	0	.0
Efficiency audit, Program effectiveness audit, Performance management capacity audit, Environment Audits		12	100.0	7	100.0	19	100.0
Others		0	.0	0	.0	0	.0
Total		12	100.0	7	100.0	19	100.0

Sources: Performance auditors survey Q.No. 1 to Q. No. 2 and own computation.

**Appendix Table 4.9: Bodies or area jurisdiction where Performance audit conducted in the states**

Does your auditor general performance audit division have jurisdiction over the following bodies?		State or government of respondent			
		Federal government		Oromia regional state	
		Count	Per cent	Count	Per cent
Federal or national government (All legislative, executive, and judicial organs of the state)	Yes	12	100.0	0	.0
	No	0	.0	7	100.0
City government units (sub-cities, bureau, agencies, authorities, enterprise, commission, ,municipalities)	Yes	0	.0	0	.0
	No	12	100.0	7	100.0
Regional government units (sub-cities, bureau, agencies, commission, authorities, enterprise, municipalities)	Yes	0	.0	7	100.0
	No	12	100.0	0	.0
Government-owned or controlled corporation price share companies	Yes	12	100.0	7	100.0
	No	0	.0	0	.0
Bodies/autonomous bodies not owned but substantially funded by the government or from the State Budget	Yes	12	100.0	7	100.0
	No	0	.0	0	.0
Foreign agencies and enterprises with whom the State has joint venture agreements	Yes	12	100.0	7	100.0
	No	0	.0	0	.0
Agencies to whom performance and delivery of public services is contracted out	Yes	12	100.0	7	100.0
	No	0	.0	0	.0

Sources: Performance auditors survey Q.No.3 and own computation.

**Appendix Table 4.10: Appointment of head of OAG and head of performance audit department in the states**

Who appoints the head of your Office of auditor general?		State or government of respondent			
		Federal government		Oromia regional state	
		Count	Per cent	Count	Per cent
Who appoints the head of your Office of auditor general?	Parliament	12	100.0	0	.0
	Regional Council	0	.0	7	100.0
	City Council	0	.0	0	.0

	State or government of respondent				
	Federal government		Oromia regional state		
	Count	Per cent	Count	Per cent	
	Prime Minster	0	.0	0	.0
	MoFED	0	.0	0	.0
	Others	0	.0	0	.0
Who appoints the head of performance audit department/Division in your office?	Parliament/Council	0	.0	0	.0
	Head of the Auditor General	12	100.0	7	100.0
	Others	0	.0	0	.0
Is there fixed term of office for head of performance audit department?	Yes	0	.0	2	28.6
	No	12	100.0	5	71.4
Does the head of Auditor General and Staff members have legal immunity?	Yes	2	16.7	2	28.6
	No	10	83.3	5	71.4

Sources: Performance auditors survey Q.No. 4 to Q. No.6. and own computation.

**Appendix Table 4.11: OAG budget preparation and ceiling in the states**

		State or government of respondent			
		Federal government		Oromia regional state	
		Count	Per cent	Count	Per cent
How is your office of Auditor general's budget prepared, reviewed and approved?	As any government entity it prepares its budget and send it to MoFED,then reviewed and finally approved by parlama	12	100.0	0	.0
	Prepared by OAG,reviewed by OFEDB approved by parlama	0	.0	1	14.3
	Prepared by OAG,reviewed by OFEDB approved by Council	0	.0	6	85.7
Does the office of Auditor General set its own annual budget ceiling?	Yes	5	41.7	2	28.6
	No	7	58.3	5	71.4
If No, who set its budget ceiling?	MoFED/ OFEDB	7	100	5	100

Sources: Performance auditors survey Q.No.7a to Q. No. 7c and own computation.

**Appendix Table 4.12: Background qualification of performance auditors in the states**

		State or government of respondent			
		Federal government		Oromia regional state	
		Count	Per cent	Count	Per cent
Financial auditing	Participate	12	100.0	7	100.0
	Not participate	0	.0	0	.0
Performance auditing	Participate	12	100.0	7	100.0
	Not participate	0	.0	0	.0
Accounting and finance	Participate	12	100.0	7	100.0
	Not participate	0	.0	0	.0
Economists	Participate	12	100.0	7	100.0
	Not participate	0	.0	0	.0

		State or government of respondent			
		Federal government		Oromia regional state	
		Count	Per cent	Count	Per cent
Marketing	Participate	8	66.7	7	100.0
	Not participate	4	33.3	0	.0
Law	Participate	8	66.7	7	100.0
	Not participate	4	33.3	0	.0
Public administration	Participate	8	66.7	7	100.0
	Not participate	4	33.3	0	.0
Medical doctor	Participate	8	66.7	7	100.0
	Not participate	4	33.3	0	.0
Engineers	Participate	8	66.7	7	100.0
	Not participate	4	33.3	0	.0
Others		9	75.0	4	57.1
	Management, International relationship	0	.0	1	14.3
	Pharmacy, Management, Urban planning	0	.0	2	28.6
	PSIR, Natural science, IT expert,	1	8.3	0	.0
	Social science	2	16.7	0	.0

Sources: Performance auditors survey Q.No. 8 and own computation.

**Appendix Table 4.13: The power for staffing and number of performance auditors in the states**

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
The number of performance auditors currently on operation with comparison of Ethiopian standard	Much less than the standard	7	58.3	4	57.1	11	57.9
	Less than the standard	5	41.7	3	42.9	8	42.1
	The same as the standard	0	.0	0	.0	0	.0
	More than the standard	0	.0	0	.0	0	.0
	Very significant compared to the standard	0	.0	0	.0	0	.0
	Same as the practice	0	.0	0	.0	0	.0
Does the office have the power for staffing and remuneration to its own system?	Yes	8	66.7	2	28.6	10	52.6
	No	4	33.3	5	71.4	9	47.4

Sources: Performance auditors survey Q.No. 9 to Q. No. 10 and own computation.

**Appendix Table 4.15: Career development arrangement to performance auditors**

Which of the following career planning and development opportunities does your office provide for performance auditors?		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Relevant workshops and seminars	Not provided	2	16.7	2	28.6	4	21.1
	Less provided	3	25.0	3	42.9	6	31.6
	Satisfactorily provided	2	16.7	2	28.6	4	21.1
	Provided well	4	33.3	0	.0	4	21.1
	Highly provided well	1	8.3	0	.0	1	5.3
Scholarship( Professional university courses)	Not provided	4	33.3	7	100.0	11	57.9
	Less provided	4	33.3	0	.0	4	21.1
	Satisfactorily provided	4	33.3	0	.0	4	21.1
	Provided well	0	.0	0	.0	0	.0
	Highly provided well	0	.0	0	.0	0	.0
On job training	Not provided	0	.0	3	42.9	3	15.8
	Less provided	4	33.3	2	28.6	6	31.6
	Satisfactorily provided	5	41.7	0	.0	5	26.3
	Provided well	3	25.0	2	28.6	5	26.3
	Highly provided well	0	.0	0	.0	0	.0
Regular training	Not provided	0	.0	4	57.1	4	21.1
	Less provided	7	58.3	2	28.6	9	47.4
	Satisfactorily provided	4	33.3	1	14.3	5	26.3
	Provided well	1	8.3	0	.0	1	5.3
	Highly provided well	0	.0	0	.0	0	.0
Other workshops and seminars	Not provided	2	16.7	3	42.9	5	26.3
	Less provided	7	58.3	2	28.6	9	47.4
	Satisfactorily provided	2	16.7	0	.0	2	10.5
	Provided well	1	8.3	2	28.6	3	15.8
	Highly provided well	0	.0	0	.0	0	.0
Feedback on job performance	Not provided	4	33.3	4	57.1	8	42.1
	Less provided	5	41.7	2	28.0	7	36.8
	Satisfactorily provided	2	16.7	1	14.3	3	15.8
	Provided well	1	8.3	0	.0	1	5.3
	Highly provided	0	.0	0	.0	0	.0

Which of the following career planning and development opportunities does your office provide for performance auditors?		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
	well						
Merit-based promotions	Not provided	2	16.7	4	57.1	6	31.6
	Less provided	7	58.3	2	28.6	9	47.4
	Satisfactorily provided	2	16.7	1	14.3	3	15.8
	Provided well	1	8.3	0	.0	1	5.3
	Highly provided well	0	.0	0	.0	0	.0
Time-based promotions	Not provided	0	.0	5	71.4	5	26.3
	Less provided	5	41.7	2	28.6	7	36.8
	Satisfactorily provided	0	.0	0	.0	0	.0
	Provided well	7	58.3	0	.0	7	36.8
	Highly provided well	0	.0	0	.0	0	.0
Specialization	Not provided	2	16.7	5	71.4	7	36.8
	Less provided	9	75.0	0	.0	9	47.4
	Satisfactorily provided	0	.0	2	28.6	2	10.5
	Provided well	1	8.3	0	.0	1	5.3
	Highly provided well	0	.0	0	.0	0	.0
Performance feedback and coaching	Not provided	4	33.3	4	57.1	8	42.1
	Less provided	2	16.7	3	42.9	5	26.3
	Satisfactorily provided	4	33.3	0	.0	4	21.1
	Provided well	2	16.7	0	.0	2	10.5
	Highly provided well	0	.0	0	.0	0	.0
Planned job rotation	Not provided	0	.0	2	28.6	2	10.5
	Less provided	7	58.3	4	57.1	11	57.9
	Satisfactorily provided	1	8.3	1	14.3	2	10.5
	Provided well	4	33.3	0	.0	4	21.1
	Highly provided well	0	.0	0	.0	0	.0
Continuing professional education	Not provided	5	41.7	6	85.7	11	57.9
	Less provided	4	33.3	1	14.3	5	26.3
	Satisfactorily provided	2	16.7	0	.0	2	10.5
	Provided well	1	8.3	0	.0	1	5.3
	Highly provided well	0	.0	0	.0	0	.0
Phased	Not provided	7	58.3	5	71.4	12	63.2

Which of the following career planning and development opportunities does your office provide for performance auditors?		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
retirement	Less provided	2	16.7	2	28.6	4	21.1
	Satisfactorily provided	0	.0	0	.0	0	.0
	Provided well	3	25.0	0	.0	3	15.8
	Highly provided well	0	.0	0	.0	0	.0
Career counseling about challenging assignments and possibilities for more exposure and demonstration of skills	Not provided	7	58.3	6	85.7	13	68.4
	Less provided	4	33.3	0	.0	4	21.1
	Satisfactorily provided	1	8.3	1	14.3	2	10.5
	Provided well	0	.0	0	.0	0	.0
	Highly provided well	0	.0	0	.0	0	.0
Assessment techniques and programs to help staff members assess their interests, aptitudes and capabilities and linking the information derived to possible careers and jobs	Not provided	7	58.3	6	85.7	13	68.4
	Less provided	4	33.3	1	14.3	5	26.3
	Satisfactorily provided	1	8.3	0	.0	1	5.3
	Provided well	0	.0	0	.0	0	.0
	Highly provided well	0	.0	0	.0	0	.0
Self-directed and self-development materials	Not provided	0	.0	0	.0	0	.0
	Less provided	11	91.7	6	85.7	17	89.5
	Satisfactorily provided	1	8.3	1	14.3	2	10.5
	Provided well	0	.0	0	.0	0	.0
	Highly provided well	0	.0	0	.0	0	.0
Pre-retirement and post-retirement counseling	Not provided	9	75.0	4	57.1	13	68.4
	Less provided	2	16.7	3	42.9	5	26.3
	Satisfactorily provided	1	8.3	0	.0	1	5.3
	Provided well	0	.0	0	.0	0	.0
	Highly provided well	0	.0	0	.0	0	.0

Sources: Performance auditors survey Q.No. 13 and own computation.

**Appendix Table 4.16: Promotion criteria**

What are the criteria set for promotion and upgrading performance auditor(s) in your office?	State or government of respondent					
	Federal government		Oromia regional state		Total	
	Count	Per cent	Count	Per cent	Count	Per cent
competency	2	16.7	0	.0	2	10.5
considering long-term experience	2	16.7	0	.0	2	10.5
Efficiency and number of years	8	66.7	0	.0	8	42.1
No criteria set to do this	0	.0	7	100.0	7	36.8

Sources: Performance auditors survey Q.No. 14 and own computation.

**Appendix Table 4.17: Reward mechanism in each state**

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Does your office have a reward mechanism in place that provides incentives to staff members' high level of performance?	Yes	0	.0	0	.0	0	.0
	No	12	100.0	7	100.0	19	100.0
Which among the following processes describe your Office's reward system? (Tick as many boxes as appropriate.)	The reward mechanism consists of salary increases, promotions, and other extrinsic rewards in the form of benefits such	0	.0	0	.0	0	.0
	The rewards are given in a timely manner; that is, it is not separated in time from the performance it is intended to re	0	.0	2	28.6	2	10.5
	Others	12	100.0	5	71.4	17	89.5

Sources: Performance auditors survey Q.No. 15 to Q. No. 16 and own computation.

**Appendix Table 4.18: Performance audit budget in each state**

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Do you have a budget planning in department level?	Yes	0	.0	0	.0	0	.0
	No	12	100.0	7	100.0	19	100.0
Where do you get performance audit funding?	Government	0	.0	7	100.0	7	36.8
	International institutions	0	.0	0	.0	0	.0
	Government and International institutions	12	100.0	0	.0	12	63.2
	Other	0	.0	0	.0	0	.0
Who approves your performance audit budget planning?	Parliament	11	91.7	0	.0	11	57.9
	Prime Minister	0	.0	0	.0	0	.0
	MoFED	0	.0	0	.0	0	.0
	Board	0	.0	0	.0	0	.0
	'Caffe' Council	1	8.3	7	100.0	8	42.1
	other	0	.0	0	.0	0	.0
Do you have regular review of your budget?	Yes	0	.0	0	.0	0	.0
	No	12	100.0	7	100.0	19	100.0

Sources: Performance auditors survey Q.No.17 to Q. No. 20 and own computation.

**Appendix Table 4.19: Office safety and meeting and training room arrangement**

State or government of respondent	Do your performance audit departments own encouraging office?		Do you have sufficient office space?		Is your performance audit office comfortable, well-organized and clean?		Do you have performance audit meeting rooms? Are these rooms well-equipped?		Do you have performance audit training rooms? Are these rooms well-equipped?	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
	Count	Per cent	Count	Per cent	Count	Per cent	Count	Per cent	Count	Per cent
Federal government	12	100.0	0	.0	12	100.0	0	.0	12	100.0
Oromia regional state	7	100.0	0	.0	7	100.0	0	.0	7	100.0
Total	19	100.0	0	.0	19	100.0	0	.0	19	100.0

Sources: Performance auditors survey Q.No. 21 to Q. No. 25 and own computation.

**Appendix Table 4.20: Computer and software technology facilities in each state**

	State or government of respondent						
	Federal government		Oromia regional state		Total		
	Count	Per cent	Count	Per cent	Count	Per cent	
Do you have sufficient numbers of Desktop Computers or Laptops?	Yes	12	100.0	2	28.6	14	73.7
	No	0	.0	5	71.4	5	26.3
Do you have relevant software?	Yes	0	.0	0	.0	0	.0
	No	12	100.0	7	100.0	19	100.0
Does your technology meet your needs?	Yes	0	.0	0	.0	0	.0
	No	12	100.0	7	100.0	19	100.0

Sources: Performance auditors survey Q.No. 26 to Q. No. 28 and own computation.

**Appendix Table 4.21: Performance audit tools**

State or government of respondent	Does your office have performance audit tools?				Does your office use the performance audit tools?					
	Yes		No		Completely		Partially		Not at all	
	Count	Per cent	Count	Per cent	Count	Per cent	Count	Per cent	Count	Per cent
Federal government	12	100.0	0	.0	6	50.0	6	50.0	0	.0
Oromia regional state	7	100.0	0	.0	0	.0	7	100.0	0	.0
Total	19	100.0	0	.0	6	31.6	13	68.4	0	.0

Sources: Performance auditors survey Q.No. 29 to Q. No. 30 and own computation.

**Appendix Table 4.22: Description of performance audit standards**

State or government of respondent	Does the performance audit department follow performance audit standards?				Who determines performance audit standards?				Which international standards aligned with your performance audit standards?			
	Yes		No		OAG		OAG,INTOS AI		AFROSA I-E,INTOS AI		AFROSAI-E,INTOSAI,IS SAI	
	Count	Per cent	Count	Per cent	Count	Per cent	Count	Per cent	Count	Per cent	Count	Per cent
Federal government	12	100.0	0	.0	9	75.0	3	25.0	11	91.7	1	8.3
Oromia regional state	7	100.0	0	.0	5	71.4	2	28.6	7	100.0	0	.0
Total	19	100.0	0	.0	14	73.7	5	26.3	18	94.7	1	5.3

Sources: Performance auditors survey Q.No. 31 to Q. No. 33 and own computation.

**Appendix Table 4.23: Alignment of performance audit manuals in each state**

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Are the manuals and guidelines aligned to accepted standards?	Yes	12	100.0	7	100.0	19	100.0
	No	0	.0	0	.0	0	.0
Does your Performance audit department have audit manuals?	Yes	12	100.0	7	100.0	19	100.0
	No	0	.0	0	.0	0	.0

Sources: Performance auditors survey Q.No. 34 to Q. No. 35a and own computation

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**Appendix Table 4.24: Understandability of performance audit manuals in each state**

Is the performance audit manual fulfilling these?		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Clarity	Yes	9	75.0	2	28.6	11	57.9
	No	3	25.0	5	71.4	8	42.1
Brief and to the point	Yes	6	50.0	2	28.6	8	42.1
	No	6	50.0	5	71.4	11	57.9
Easy to understand	Yes	7	58.3	2	28.6	9	47.4
	No	5	41.7	5	71.4	10	52.6
Jargon free	Yes	2	16.7	2	28.6	4	21.1
	No	10	83.3	5	71.4	15	78.9
Use of diagrams and illustrations	Yes	3	25.0	4	57.1	7	36.8
	No	9	75.0	3	42.9	12	63.2

Sources: Performance auditors survey Q.No. 35b and own computation.

**Appendix Table 4.25: Implementation of performance audit manuals in each state**

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Does your office update performance	Not at all	2	16.7	6	85.7	8	42.1
	Partially	6	50.0	0	.0	6	31.6

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
audit manuals?	Completely	4	33.3	1	14.3	5	26.3
To what extent is the manual implemented?	Not at all	0	.0	2	28.6	2	10.5
	Partially	5	41.7	4	57.1	9	47.4
	Completely	7	58.3	1	14.3	8	42.1
Do you plan as per the manual provisions?	Not at all	0	.0	2	28.6	2	10.5
	Partially	8	66.7	4	57.1	12	63.2
	Completely	4	33.3	1	14.3	5	26.3
Do you conduct audits as per manual provisions?	Not at all	0	.0	0	.0	0	.0
	Partially	6	50.0	6	85.7	12	63.2
	Completely	6	50.0	1	14.3	7	36.8
Do you report as per manual provisions?	Not at all	0	.0	0	.0	0	.0
	Partially	6	50.0	6	85.7	12	63.2
	Completely	6	50.0	1	14.3	7	36.8

Sources: Performance auditors survey Q.No. 35c to Q. No. 35g and own computation.

**Appendix Table 4.26: Experience sharing development in each state**

		State or government of respondent			
		Federal government		Oromia regional state	
		Count	Per cent	Count	Per cent
Does your office arranged experience sharing among performance auditors within the state/office?	Yes	3	25.0	0	.0
	No	9	75.0	7	100.0
If yes, give the means of sharing	Team meeting	2	66.7	0	.0
	training and meeting	1	33.3	0	.0
Does your office arranged experience sharing with performance auditors of best performing countries?	Yes	7	58.3	0	.0
	No	5	41.7	7	100.0
If yes, list those countries and area of experience sharing	AFROSAI	2	28.6	0	.0
	INTOSAI	1	14.3	0	.0
	South Africa,Uganda	2	28.6	0	.0
	UK NAO	2	28.6	0	.0

Sources: Performance auditors survey Q.No. 36 to Q. No. 37 and own computation.

**Appendix Table 4.27: relationship between OAG and legislature in each state**

		State or government of respondent			
		Federal government		Oromia regional state	
		Count	Per cent	Count	Per cent
Is there special relationship between Auditor General and legislative?	Yes	6	50.0	5	71.4
	No	6	50.0	2	28.6
If Yes, list briefly the area of special relationship	appointment	0	.0	2	40.0
	Maintaining accountability to legislature	1	16.7	0	.0
	report	3	50.0	2	40.0
	report, follow-up	0	.0	1	20.0
	training, follow-up, submitting and reporting progress	2	33.3	0	.0
Does your office of Auditor General is an independent from legislature as well as executive?	Yes	3	25.0	2	28.6
	No	9	75.0	5	71.4
Is the legislature assist or advise the performance audit division of auditor general in selection of priorities area?	Yes	3	25.0	0	.0
	No	9	75.0	7	100.0

Sources: Performance auditors survey Q.No. 38 to Q. No. 40 and own computation.

**Appendix Table 4.28: Tabling of performance audit reports in each state**

		State or government of respondent			
		Federal government		Oromia regional state	
		Count	Per cent	Count	Per cent
When did performance audit report presented to the house of people representatives'/regional/city council?	Annually	9	75.0	5	71.4
	Semi-annually	0	.0	0	.0
	Monthly	0	.0	0	.0
	When required	2	16.7	2	28.6
	No fixed time range	1	8.3	0	.0
	Other	0	.0	0	.0
What types of matter reported to legislature?	Matters in dispute between auditor and the auditee	0	.0	2	28.6
	Needs attention	11	91.7	4	57.1

		State or government of respondent			
		Federal government		Oromia regional state	
		Count	Per cent	Count	Per cent
	Not rectified/Fails to rectify the matter	0	.0	1	14.3
	Other	1	8.3	0	.0
Who review performance audit report?	Audit committee of house of people representative	0	.0	0	.0
	Joint committee of Public Accounts	2	16.7	1	14.3
	Expenditure Management Affairs Standing Committee	2	16.7	0	.0
	Not reviewed by legislature	8	66.7	6	85.7
Does performance audit report distributed to all members of the legislature?	Yes	4	33.3	3	42.9
	No	8	66.7	4	57.1

Sources: Performance auditors survey Q.No.41a to Q. No. 41d and own computation.

**Appendix Table 4.29: Feature of performance audit reports in each state**

Does the performance audit report fulfill the following conditions		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Brief	Yes	12	100.0	7	100.0	19	100.0
	No	0	.0	0	.0	0	.0
Clear report structure	Yes	12	100.0	7	100.0	19	100.0
	No	0	.0	0	.0	0	.0
Use simple, direct and unambiguous language	Yes	12	100.0	7	100.0	19	100.0
	No	0	.0	0	.0	0	.0
Consists sufficient information	Yes	10	83.3	5	71.4	15	78.9
	No	2	16.7	2	28.6	4	21.1
Use hard evidence and telling examples	Yes	10	83.3	5	71.4	15	78.9
	No	2	16.7	2	28.6	4	21.1

Sources: Performance auditors survey Q.No. 41e and own computation.

**Appendix Table 4.30: Performance audit reports preparation stages in each state**

Does empirically performance audit report pass in the following stages of drafting process?		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Outline Report	Yes	11	91.7	7	100.0	18	94.7
	No	1	8.3	0	.0	1	5.3
For auditee prepare first draft by the audit team	Yes	12	100.0	7	100.0	19	100.0
	No	0	.0	0	.0	0	.0
Review and revision by audit office senior management	Yes	12	100.0	7	100.0	19	100.0
	No	0	.0	0	.0	0	.0
Copy sent to audited entity	Yes	12	100.0	7	100.0	19	100.0
	No	0	.0	0	.0	0	.0
Liaison and discussion with audited entity	Yes	10	83.3	7	100.0	17	89.5
	No	2	16.7	0	.0	2	10.5
Preparing the draft by the audit team for legislature	Yes	12	100.0	5	71.4	17	89.5
	No	0	.0	2	28.6	2	10.5
Review and revision by senior management	Yes	12	100.0	7	100.0	19	100.0
	No	0	.0	0	.0	0	.0
Inclusion within audit office annual report to legislature	Yes	12	100.0	7	100.0	19	100.0
	No	0	.0	0	.0	0	.0

Sources: Performance auditors survey Q.No. 41f and own computation.

**Appendix Table 4.31: Impact of auditees' documentation on audit tasks**

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Does the documentation systems of Auditee affects performance audit works?	Yes	12	100.0	7	100.0	19	100.0
	No	0	.0	0	.0	0	.0
If yes, what are problems observed on auditees documentation?	documents are not easily accessible	3	25.0	0	.0	3	15.8
	don't have systematic data bas	3	25.0	2	28.6	5	26.3
	fail to present requested documents	3	25.0	0	.0	3	15.8
	Lack of data	2	16.7	3	42.9	5	26.3

	old manual documentation system	1	8.3	2	28.6	3	15.8
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Sources: Performance auditors survey Q.No. 42 and own computation.

**Appendix Table 4.32: Relationship of performance auditors and auditee in each state**

What kind of relationship is there between performance auditor and Auditee?	State or government of respondent					
	Federal government		Oromia regional state		Total	
	Count	Per cent	Count	Per cent	Count	Per cent
Constructive	8	66.7	5	71.4	13	68.4
Adversarial	2	16.7	0	.0	2	10.5
Neither constructive nor Adversarial	0	.0	2	28.6	2	10.5
Other	2	16.7	0	.0	2	10.5

Sources: Performance auditors survey Q.No. 43a and own computation.

**Appendix Table 4.33: Reports sent for auditees in each state**

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Does your office of auditor general submit its performance audit reports to the audited entity?	Yes	12	100.0	7	100.0	19	100.0
	No	0	.0	0	.0	0	.0
Is the report sent to audited entity(ies) and legislature has similarities in format and content?	Yes	12	100.0	7	100.0	19	100.0
	No	0	.0	0	.0	0	.0

Sources: Performance auditors survey Q.No. 43b to Q. No. 43c and own computation.

**Appendix Table 4.34: Follow up procedure over auditee in each OAG**

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Does the audit office undertake procedure for closure of the investigation?	Yes	4	33.3	2	28.6	6	31.6
	No	8	66.7	5	71.4	13	68.4
Does the audit office review the Audited Entity's Response within 2 year?	Yes	2	16.7	2	28.6	4	21.1
	No	10	83.3	5	71.4	15	78.9
Does the audit office Measure the Impacts of the Audit?	Yes	0	.0	3	42.9	3	15.8
	No	12	100.0	4	57.1	16	84.2
If your response for Q.44a - Q. 44c is fully or partial No, why follow-up is not undertaken?							
Lack of human-power		8	66.7	6	85.7	14	73.7
Documentation problem		0	.0	0	.0	0	.0
Fail to plan		0	.0	1	14.3	1	5.3
Rearrangements of Audited entity		2	16.7	0	.0	2	10.5
Shortage of time		2	16.7	0	.0	2	10.5
Other		0	.0	0	.0	0	.0

Sources: Performance auditors survey Q.No. 44a to Q. No. 44d. and own computation.

**Appendix Table 4.35: Determinants of performance audit program in each state**

How performance audit program determined? What factors affect it?		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
based on strategic and annual planning		2	16.7	0	.0	2	10.5
cooperation with auditee, document handling problem, awareness		0	.0	2	28.6	2	10.5
legislative interest		1	8.3	0	.0	1	5.3
nature and size of issue to be		2	16.7	0	.0	2	10.5

How performance audit program determined? What factors affect it?	State or government of respondent					
	Federal government		Oromia regional state		Total	
	Count	Per cent	Count	Per cent	Count	Per cent
audited						
nature of institution and information	0	.0	2	28.6	2	10.5
resource availability	3	25.0	3	42.9	6	31.6
risk assessment-materiality, accountability, public interest, priority of gov't, and auditability	2	16.7	0	.0	2	10.5
staff competency and resource availability	2	16.7	0	.0	2	10.5

Sources: Performance auditors survey Q.No. 45 and own computation.

**Appendix Table 4.37 performance auditors retention period**

	State or government of respondent		
	Federal government	Oromia regional state	Total
For how many solid years you operate in OAG?	5	6	6

Sources: Turnout performance auditors survey Q.No. 3 and own computation.

**Appendix Table 4.38: Career planning opportunities for performance auditors in each state**

Does your office have a mechanism in place that takes care of career planning and career development opportunities for performance audit division staff members?	State or government of respondent					
	Federal government		Oromia regional state		Total	
	Count	Per cent	Count	Per cent	Count	Per cent
Yes	4	50.0	0	.0	4	30.8
No	4	50.0	5	100.0	9	69.2

Sources: Turnout performance auditors survey Q.No. 4 and own computation.

**Appendix Table 4.39: Career planning and development opportunities for turnout performance auditors**

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Relevant workshops and seminars	Not provided	0	.0	0	.0	0	.0
	Less provided	8	100.0	5	100.0	13	100.0
	Satisfactorily provided	0	.0	0	.0	0	.0
	Provided well	0	.0	0	.0	0	.0
	Highly provided well	0	.0	0	.0	0	.0
Scholarship( Professional university courses)	Not provided	4	50.0	5	100.0	9	69.2
	Less provided	0	.0	0	.0	0	.0
	Satisfactorily provided	0	.0	0	.0	0	.0
	Provided well	4	50.0	0	.0	4	30.8
	Highly provided well	0	.0	0	.0	0	.0
On job training	Not provided	0	.0	3	60.0	3	23.1
	Less provided	4	50.0	0	.0	4	30.8
	Satisfactorily provided	4	50.0	2	40.0	6	46.2
	Provided well	0	.0	0	.0	0	.0
	Highly provided well	0	.0	0	.0	0	.0
Regular training	Not provided	0	.0	0	.0	0	.0
	Less provided	4	50.0	3	60.0	7	53.8
	Satisfactorily provided	0	.0	2	40.0	2	15.4
	Provided well	4	50.0	0	.0	4	30.8
	Highly provided well	0	.0	0	.0	0	.0
Other workshops and seminars	Not provided	6	75.0	0	.0	6	46.2
	Less provided	2	25.0	5	100.0	7	53.8
	Satisfactorily provided	0	.0	0	.0	0	.0
	Provided well	0	.0	0	.0	0	.0
	Highly provided well	0	.0	0	.0	0	.0
Feedback on job	Not provided	4	50.0	3	60.0	7	53.8
	Less provided	4	50.0	0	.0	4	30.8

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
performance	Satisfactorily provided	0	.0	2	40.0	2	15.4
	Provided well	0	.0	0	.0	0	.0
	Highly provided well	0	.0	0	.0	0	.0
Merit-based promotions	Not provided	4	50.0	2	40.0	6	46.2
	Less provided	4	50.0	3	60.0	7	53.8
	Satisfactorily provided	0	.0	0	.0	0	.0
	Provided well	0	.0	0	.0	0	.0
	Highly provided well	0	.0	0	.0	0	.0
Time-based promotions	Not provided	4	50.0	0	.0	4	30.8
	Less provided	4	50.0	1	20.0	5	38.5
	Satisfactorily provided	0	.0	4	80.0	4	30.8
	Provided well	0	.0	0	.0	0	.0
	Highly provided well	0	.0	0	.0	0	.0
Specialization	Not provided	4	50.0	2	40.0	6	46.2
	Less provided	4	50.0	3	60.0	7	53.8
	Satisfactorily provided	0	.0	0	.0	0	.0
	Provided well	0	.0	0	.0	0	.0
	Highly provided well	0	.0	0	.0	0	.0
Performance feedback and coaching	Not provided	4	50.0	3	60.0	7	53.8
	Less provided	4	50.0	0	.0	4	30.8
	Satisfactorily provided	0	.0	2	40.0	2	15.4
	Provided well	0	.0	0	.0	0	.0
	Highly provided well	0	.0	0	.0	0	.0
Planned job rotation	Not provided	0	.0	2	40.0	2	15.4
	Less provided	4	50.0	2	40.0	6	46.2
	Satisfactorily provided	4	50.0	1	20.0	5	38.5
	Provided well	0	.0	0	.0	0	.0
	Highly provided well	0	.0	0	.0	0	.0
Continuing professional education	Not provided	8	100.0	5	100.0	13	100.0
	Less provided	0	.0	0	.0	0	.0
	Satisfactorily provided	0	.0	0	.0	0	.0

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
	Provided well	0	.0	0	.0	0	.0
	Highly provided well	0	.0	0	.0	0	.0
Phased retirement	Not provided	4	50.0	4	80.0	8	61.5
	Less provided	0	.0	0	.0	0	.0
	Satisfactorily provided	0	.0	1	20.0	1	7.7
	Provided well	4	50.0	0	.0	4	30.8
	Highly provided well	0	.0	0	.0	0	.0
Career counseling about challenging assignments and possibilities for more exposure and demonstration of skills	Not provided	4	50.0	0	.0	4	30.8
	Less provided	4	50.0	5	100.0	9	69.2
	Satisfactorily provided	0	.0	0	.0	0	.0
	Provided well	0	.0	0	.0	0	.0
	Highly provided well	0	.0	0	.0	0	.0
Assessment techniques and programs to help staff members	Not provided	4	50.0	3	60.0	7	53.8
	Less provided	4	50.0	2	40.0	6	46.2
	Satisfactorily provided	0	.0	0	.0	0	.0
	Provided well	0	.0	0	.0	0	.0
	Highly provided well	0	.0	0	.0	0	.0
Self-directed and self-development materials	Not provided	4	50.0	0	.0	4	30.8
	Less provided	1	2.5	2	40.0	3	23.1
	Satisfactorily provided	0	.0	3	60.0	3	23.1
	Provided well	3	37.5	0	.0	3	23.1
	Highly provided well	0	.0	0	.0	0	.0
Pre-retirement and post-retirement counseling	Not provided	4	50.0	3	60.0	7	53.8
	Less provided	4	50.0	2	40.0	6	46.2
	Satisfactorily provided	0	.0	0	.0	0	.0
	Provided well	0	.0	0	.0	0	.0
	Highly provided well	0	.0	0	.0	0	.0

Sources: Turnout performance auditors survey Q.No. 5 and own computation.

**Appendix Table 4.40: Experience sharing for turnout performance auditors in each state**

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Does your office arranged experience sharing among performance auditors within the state/office?	Yes	0	.0	1	20.0	1	7.7
	No	8	100.0	4	80.0	12	92.3
If yes, give the means of sharing	discussion	0	.0	1	100.0	1	100.0
Does your office arranged experience sharing with performance auditors of best performing countries?	Yes	0	.0	0	.0	0	.0
	No	8	100.0	5	100.0	13	100.0

Sources: Turnout performance auditors survey Q.No. 6 to Q. No. 7 and own computation.

**Appendix Table 4.41: Reward mechanism for performance auditors in each state**

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Co unt	Per cent	Co unt	Per cent	Count	Per cent
Which among the following processes describe your Office's reward system? (Tick)	The reward mechanism consists of salary increases, promotions, and other extrinsic rewards in the form of benefits such as paid vacations and health insurance, maternity leave for women, educational benefits, retirement plans, early and flexible retirement, transportation allowance, housing allowance, hardship allowance, city compensatory etc.	0	.0	0	.0	0	.0
	The rewards are given in a timely manner; that is, it is not separated in time from the performance it is intended to reinforce.	0	.0	0	.0	0	.0
	Others	8	100.0	5	100.0	13	100.0

Sources: Turnout performance auditors survey Q.No. 8 and own computation.

**Appendix Table 4.43: Types of allowance afforded in each OAG**

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Transportation allowance	Unaffordable	0	.0	0	.0	0	.0
	Affordable	8	100.0	5	100.0	13	100.0
Housing allowance	Unaffordable	8	100.0	5	100.0	13	100.0
	Affordable	0	.0	0	.0	0	.0
Hardship allowance	Unaffordable	8	100.0	5	100.0	13	100.0
	Affordable	0	.0	0	.0	0	.0
City compensatory	Unaffordable	8	100.0	5	100.0	13	100.0
	Affordable	0	.0	0	.0	0	.0
Desert allowance	Unaffordable	0	.0	0	.0	0	.0
	Affordable	8	100.0	5	100.0	13	100.0
Per-diem	Unaffordable	0	.0	0	.0	0	.0
	Affordable	8	100.0	5	100.0	13	100.0
Insurance	Unaffordable	8	100.0	5	100.0	13	100.0
	Affordable	0	.0	0	.0	0	.0
Education allowance	Unaffordable	4	50.0	5	100.0	9	69.2
	Affordable	4	50.0	0	.0	4	30.8
Telephone allowance	Unaffordable	8	100.0	5	100.0	13	100.0
	Affordable	0	.0	0	.0	0	.0
Bonus	Unaffordable	8	100.0	5	100.0	13	100.0
	Affordable	0	.0	0	.0	0	.0
Commission	Unaffordable	8	100.0	5	100.0	13	100.0
	Affordable	0	.0	0	.0	0	.0
Severance pay	Unaffordable	8	100.0	5	100.0	13	100.0
	Affordable	0	.0	0	.0	0	.0
Compensation payment	Unaffordable	8	100.0	5	100.0	13	100.0
	Affordable	0	.0	0	.0	0	.0
Job search payment	Unaffordable	8	100.0	5	100.0	13	100.0
	Affordable	0	.0	0	.0	0	.0
Encashment of annual leave	Unaffordable	8	100.0	5	100.0	13	100.0
	Affordable	0	.0	0	.0	0	.0

Sources: Turnout performance auditors survey Q.No. 11 and own computation.

**Appendix Table 4.48: Corruption prevention integrity system in the states**

Does the commission use various means of integrity system in corruption prevention?		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Establishing national Anti-corruption programs and strategies(E.g. Ethical code, disclosure of income and assets, improved procurement procedures etc)	Used	7	70.0	8	80.0	15	75.0
	Not used	1	10.0	2	20.0	3	15.0
	partially used	2	20.0	0	.0	2	10.0
Doing with watch dog agency-ombudsman and Supreme Audit Institutions	Used	8	80.0	9	90.0	17	85.0
	Not used	0	.0	1	10.0	1	5.0
	partially used	2	20.0	0	.0	2	10.0
Public participation and democratic process	Used	7	70.0	10	100.0	17	85.0
	Not used	1	10.0	0	.0	1	5.0
	partially used	2	20.0	0	.0	2	10.0
Participating civil society	Used	6	60.0	10	100.0	16	80.0
	Not used	0	.0	0	.0	0	.0
	partially used	4	40.0	0	.0	4	20.0
Accountability of Judicial process	Used	5	50.0	10	100.0	15	75.0
	Not used	2	20.0	0	.0	2	10.0
	partially used	3	30.0	0	.0	3	15.0
Participating media	Used	6	60.0	10	100.0	16	80.0
	Not used	1	10.0	0	.0	1	5.0
	partially used	3	30.0	0	.0	3	15.0
Involving private sector	Used	3	30.0	5	50.0	8	40.0
	Not used	5	50.0	5	50.0	10	50.0
	partially used	2	20.0	0	.0	2	10.0
Creating international cooperation	Used	7	70.0	2	20.0	9	45.
	Not used	3	30.0	7	70.0	10	50.0
	partially used	0	.0	1	10.0	1	5.0
Others		10	100.0	10	100.0	20	100.0

Sources: EACC officials survey Q.No. 5 and own computation.

**Appendix Table 4.49: Relationship between OAG and EACC in each state**

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Does the office of Auditor General develop issues in its strategic planning to create strong partnership with Ethics and Anti-corruption commission?	Yes	5	22.7	9	52.9	14	35.9
	No	17	77.3	8	47.1	25	64.1
Does the Corruption Prevention directorate consult office of Auditor general on preventing and fighting corruption?	Yes	9	40.9	9	52.9	18	46.2
	No	13	59.1	8	47.1	21	53.8
Do the Corruption Investigation and Prosecution Directorate jointly investigate corruption when audit finding of Auditor general provide some clue to corruption if it exists?	Yes	11	50.0	9	52.9	20	51.3
	No	11	50.0	8	47.1	19	48.7
Do the Corruption Investigation and Prosecution Directorate formally investigate corruption when performance audit finding highlight areas of diseconomy, inefficiency and failure to achieve results and impact?	Yes	7	31.8	7	41.2	14	35.9
	No	15	68.2	10	58.8	25	64.1
Do performance audit division of auditor general present findings and give recommendations that can create a more efficient and effective public sector?	Yes	12	54.5	8	47.1	20	51.3
	No	10	45.5	9	52.9	19	48.7
Is there special relationship between Office of Auditor General and the commission?	Yes	6	27.3	5	29.4	11	28.2
	No	16	72.7	12	70.6	28	71.8

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Does the commission take appropriate legal action based on information obtained from Auditor General?	Yes	9	40.9	5	29.4	14	35.9
	No	5	22.7	6	35.3	11	28.2
	Unknown	8	36.4	6	35.3	14	35.9

Sources: Performance auditors survey Q.No. 51a to Q. No. 51h. and EACC officials survey Q.No. 6 to Q. No. 13 and own computation.

**Appendix Table 4.50: Audit types used as tool against corruption in the states**

		State or government of respondent					
		Federal government		Oromia regional state		Total	
		Count	Per cent	Count	Per cent	Count	Per cent
Financial audit	Significant	27	90.0	18	81.8	45	86.5
	Non-significant	3	10.0	4	18.2	7	13.5
Fraud audit	Significant	28	93.3	20	90.9	48	92.3
	Non-significant	2	6.7	2	9.1	4	7.7
Environment audit	Significant	17	56.7	7	31.8	24	46.2
	Non-significant	13	43.3	15	68.2	28	53.8
Performance audit	Significant	28	93.3	21	95.5	49	94.2
	Non-significant	2	6.7	1	4.5	3	5.8

Sources: Mixed survey of EACC officials Q.No. 14 , of turnout auditors Q.No. 23and of performance auditors Q. No. 48 and own computation

**Appendix Table 4.52. Accepting of performance audit as tool against corruption in the states**

	State or government of respondent						
	Federal government		Oromi a region al state		Total		
	Count	Per cent	Count	Per cent	Count	Per cent	
Do you believe that performance audit can be used as a tool against corruption?	Yes	20	100	12	100	32	100
	No	0	0	0	0	0	0
Does performance audit indicate clues to existing corruption on the performance of government departments/agencies/projects/programs/commissionaires/ministries/bureau/authorities/offices/other?	Yes	20	100	12	100	32	100
	No	0	0	0	0	0	0

Sources: Performance auditors survey Q.No. 52a to Q. No. 52b and Turnout performance auditors survey Q.No. 28 to Q. No. 29 and own computation

**Appendix Table 4.54 List of auditees over which performance audit conducted by OFAG**

List of auditee	Year of conduct	Year of presentation to par lama
1. Work and Urban development ministry - Rental House Agency	1995/96	1997
2. Ministry of Health- vaccination program	1995/96	1997
3. Relief rehabilitation commission -administration of Urgent Aid	1995/96	1997
4. Ministry of Natural resource development and environmental conservation -3 forestation development projects	1995/96	1997
5. Ethiopian health and food research institute- National health Laboratory service development project	1995/96	1997
6. Federal Social Security Authority	1995/96	1997
7. Black lion Hospital	1997/98	1998
8. research Center for food -building construction project	1997/98	1998
9. Fincha Sugar Factory Project	1997/98	1998
10. Agricultural incentive supply product enterprise	1999/00	2000
11. National HIV prevention and control Program	1999/00	2000
12. Ethiopian privatization agency	1999/00	2000

<b>List of auditee</b>	<b>Year of conduct</b>	<b>Year of presentation to par lama</b>
13. Ministry of agriculture-Procurement and property administration	2002/03	2003
14. National population policy	2002/03	2003
15. Ministry of Water resource	2002/03	2003
16. Tourism related organizations	2002/03	2003
17. Environmental authority	2002/03	2003
18. Ministry of workers and social affairs	2002/03	2003
19. Ethiopian telecommunication corporation	2003/04	2004
20. Ethiopian road Authority	2003/04	2004
21. Hazard prevention commission	2004/05	2006
22. Rental House Agency	2004/05	2006
23. Selected urban environmental audit	2004/05	2006
24. Ethiopian Electric Corporation -property and procurement administration	2006/07	2007
25. Transport authority -driving licenses/road safety	2006/07	2007
26. Ethiopian quality and standard Authority	2006/07	2008
27. Revenue and custom Authority?	2007/08	2008
28. Ethiopian Transport Authority-road safety	2008/09	2009
29. Ministry of women	2008/09	2009
30. Ministry of Healthy- epidemic	2008/09	2009
31. Investment promotion Agency	2008/09	2009
32. Higher Education Quality Agency [HERCA]	2008/09	2009
33. Postal Service Agency	2009/10	2010
34. Ministry of trade and industry -Leather	2009/10	2010
35. Rural Energy Development and Promotion Agency	2009/10	2010
36. Medical Waste	2008/09	2009
37. HIV Fund utilization and administration	2010/11	2011
38. Ministry of Finance and Development-evaluation of government projects	2010/11	2011
39. Ministry of agriculture	2010/11	2011
40. Ministry of water resource	2008/09	2009
41. Heritage research and protection	2010/11	2011
42. Government vehicle administration	2010/11	2011
43. Biodiversity protection	2010/11	2011

<b>List of auditee</b>	<b>Year of conduct</b>	<b>Year of presentation to par lama</b>
44. Higher education cost sharing	2010/11	2011
45. Ethiopian Athletics Federation	2010/11	2011
46. Ethiopian Electric Corporation -property and procurement administration	2010/11	2011
47. Ethiopian Agricultural Research Institute	2010/11	2011
48. Ethiopian Telecommunication Corporation	2010/11	2011
49. Ministry of Workers and Social Affairs	2010/11	2011
50. Ministry of education capacity building of 13 universities	2010/11	2011

**Appendix Table 4.55 List of auditees over which performance audit conducted by ONRSOAG**

<b>List of auditee</b>	<b>Year of conduct</b>	<b>Year of presentation to Caffee</b>
1. Adama municipality	2007-2010	2010
2. Burau of Finance and Economic Development of South Western Shewa Zone	2006-2008	2010
3. Oromia Agricultural Research Institute	2004-2008	2010
4. Asella Hospital	2004-2006	2006
5. Oromia HIV/AIDS Prevention and Control Secretariat	2005-2006	2006
6. Oromia Irrigation development Authority	2004-2006	1997
7. Burayu municipality	2006-2008	2010
8. Fiche Hospital	2010	2011
9. Oromia Water Resource and Energy Bureau	2011	2011
10. Finfinne Forest Enterprise	1999/00	2000
11. Oromia Road Authority	2006-2008	2010
12. Oromia Agriculture Bureau	2007	2010
13. Oromia Environment conservation Authority	2007-2010	2010

**Appendix Table 4.57 Type of audit currently used in struggle against corruption**

		Ethics and Anti-corruption Commission			
		FEACC		OEACC	
		Count	Per cent	Count	Per cent
Audit type used by EACC	Financial audit	4	13.8	9	90.0
	General Audit	2	6.9	0	.0
	Special audit on procurement	11	37.9	1	10.0
	Special audit on performance	1	3.4	0	.0
	Special audit on inventory	7	24.1	0	.0
	Special audit on revenue collection/sale	3	10.3	0	.0
	Special audit on expenditure	1	3.4	0	.0
	Subtotal	29	100.0	10	100.0
Audit office or party conducting audit	OFAG	2	6.9	0	.0
	ONRSOAG	1	3.4	10	100.0
	AACAOAG	5	17.2	0	.0
	Internal audit of auditee	19	65.5	0	.0
	Private audit firm	2	6.9	0	.0
	Subtotal	29	100.0	10	100.0
Audit ordering body	EACC	22	75.9	0	.0
	OAG	0	.0	9	90.0
	Court	1	3.4	1	10.0
	Internal audit of auditee	6	20.7	0	.0
	Subtotal	29	100.0	10	100.0

## **Appendix A-Existing performance auditors' survey**

**Addis Ababa University  
School of Business and Public Administration  
Department of Accounting and Finance**

### Questionnaires for Performance Auditors

This study is entitled “**Role of Performance Audit in fighting roots of corruption in Ethiopia: Evidence from Federal Government and Oromia National Regional State**”. The canvasser is Tadele Dereje who is currently a M.sc.candidate in Accounting & Finance at the School of Business and Public Administration of Addis Ababa University, Ethiopia.

This survey questionnaire is prepared in order to get the necessary information to undertake study on the above stated title. The purpose of the study is to analyze the prevailing performance Audit role in struggle against public sectors corruption. Since most of the questionnaires stated below are closed-ended type, responding them may not take much time.

Any information provided will be kept confidential. Therefore, I cordially request your esteemed organization for volunteer to respond the questionnaire and provide accurate and complete data. Partaker is capable of get access to summary research findings at the time of completion of the study upon demand.

For more information, you may make contact with Tadele Dereje by the following address:

+251-912 38 93 37      Email: [tadeledereje@gmail.com](mailto:tadeledereje@gmail.com)

Thank you in advance for your time & cooperation!

Tadele Dereje Tefera

#### **Attention:**

- Writing your name is unnecessary.
- Circle or put “✓”mark as per the questions required in the box or answer in the space provided.

#### **Part I: Profile of the respondent**

##### **1. Sex:**

1.  Male
2.  Female

##### **2. Age (Years)**

1.  below 25
2.  25-35
3.  35-50
4.  above 50

**3. Educational Level:**

1.  10/12 grade complete
2.  Certificate
3.  Diploma
4.  Bachelor Degree
5.  Above Degree

**4. current status and Experience level:**

**1. Current operation status:**

- 1 Head of Auditor General
- 2 Head of performance auditor division
- 3 Performance auditor in Auditor General
- 4 Turn out the office of auditor general and working in other office
- 5 Other .....

**2. Experience on performance audit work:**

1.  Less than 1 year
2.  1-2 year
3.  2-3 year
4.  3-4 year
5.  4-5 year
6.  Above 5 year

**Part II: Overview of performance audit practice**

**Section 1: Factors affecting performance Audit**

**1. Subsection 1: Legal Mandate of conducting performance audit [mandate]**

**1. What is the legal basis of your performance audit department's mandate?**

1.  Constitution
2.  Proclamation
3.  Regulation
4.  Special law other than the Constitution, proclamation and regulation
5.  Others (*Please specify.*) .....

**2. Does your Auditor General have the legislative mandate to carry out the following types of performance audit? (*Tick as many boxes as appropriate.*)**

1.  Efficiency audit
2.  Program effectiveness audit
3.  Performance management capacity audit.
4.  Environment Audits
5.  Efficiency audit, Program effectiveness audit, Performance management capacity audit, Environment Audits
6.  Others (Please Specify)

<b>3. Does your auditor general performance audit division have jurisdiction over the following bodies? (<i>Tick as many boxes as appropriate.</i>)</b>	Yes	No
Federal or national government (All legislative, executive, and judicial organs of the state)	1	2
City government units (sub-cities, bureau, agencies, authorities, enterprise, commission, municipalities)	1	2
Regional government units (sub-cities, bureau, agencies, commission, authorities, enterprise, municipalities)	1	2

3. Does your auditor general performance audit division have jurisdiction over the following bodies? ( <i>Tick as many boxes as appropriate.</i> )	Yes	No
Government-owned or controlled corporation price share companies	1	2
Bodies/autonomous bodies not owned but substantially funded by the government or from the State Budget	1	2
Foreign agencies and enterprises with whom the State has joint venture agreements	1	2
Agencies to whom performance and delivery of public services is contracted out	1	2
Others ( <i>Please specify.</i> )	1	2

**2. Subsection 2: Independence-Institutional and financial independence**

**2.1. Institutional independence**

4. Who appoints the head of your Office of auditor general?
1.  Parliament
  2.  Regional Council
  3.  City Council
  4.  Prime Minister
  5.  MoFED
  6.  Others (Please Specify.)
5. a. Who appoints the head of performance audit department/Division in your office?
1.  Parliament/Council
  2.  Head of the Auditor General
  3.  Others (Please Specify.)
- 5.b Is there fixed term of office for head of performance audit department?
1.  Yes
  2.  No
- If Yes, Specify term.
- .....
- ...

6. Does the head of Auditor General and Staff members have legal immunity?
1.  Yes
  2.  No

**2.2. Financial independence**

7. a. How your office of Auditor general's budget prepared, reviewed and approved?
- .....
- .....
- 7b. Does the office of Auditor General set its own annual budget ceiling?
1.  Yes
  2.  No
- 7c.If No, who set its budget ceiling? .....

**3. Subsection 3: Resources**

**3.1. Human staff Resource**

**A. Recruitment**

8. Background skill of parties expected to participate in the work of performance audit(Please circle the appropriate nominal number)

		Participate	Not participate
1	Financial auditing	1	2
2	Performance auditing	1	2
3	Accounting and finance	1	2
4	Economists	1	2
5	Marketing	1	2
6	Law	1	2
7	Public administration	1	2
8	Medical doctor	1	2
9	Engineers	1	2
	Other		
10	.....	1	2
11	.....	1	2
12	.....	1	2

9. The number of performance auditors currently on operation with comparison of Ethiopian standard

1.  Much less than the standard
2.  less than the standard
3.  the same as the standard
4.  More than the standard
5.  Very significant compared to the standard
6.  Same as the practice

10. Does the office have the power for staffing and remuneration to its own system?

1.  Yes
2.  No

If No, who staff and remunerate the human resource to Auditor General?

.....

**B. Competency and knowledge of Performance auditor**

11. Your suggestion regarding the competency and proficiency of the existing performance auditors in the office:

1.  Excellent 2.  Very Good 3.  Good 4.  Satisfactory 5.  Poor 6.  Very poor

12. Do performance auditors have adequate knowledge of the operations for their job functions or areas of responsibility? 1.  Yes 2.  No

**C. Career development arrangement to performance auditor**

**13.** Which of the following career planning and development opportunities does your office provide for performance auditors? (Circle as many cells as appropriate.)

Career planning and development	Not provided	Less provided	Satisfactorily provided	Provided well	Highly provided well
Relevant workshops and seminars	0	1	2	3	4
Scholarship( Professional university courses)	0	1	2	3	4
On job training	0	1	2	3	4
Regular training	0	1	2	3	4
Other workshops and seminars	0	1	2	3	4
Feedback on job performance	0	1	2	3	4
Merit-based promotions	0	1	2	3	4
Time-based promotions	0	1	2	3	4
Specialization	0	1	2	3	4
Performance feedback and coaching	0	1	2	3	4
Planned job rotation	0	1	2	3	4
Continuing professional education	0	1	2	3	4
Phased retirement	0	1	2	3	4
Career counseling about challenging assignments and possibilities for more	0	1	2	3	4

Career planning and development	Not provided	Less provided	Satisfactorily provided	Provided well	Highly provided well
exposure and demonstration of skills					
Assessment techniques and programs to help staff members assess their interests, aptitudes and capabilities and linking the information derived to possible careers and jobs	0	1	2	3	4
Self-directed and self-development materials	0	1	2	3	4
Pre-retirement and post-retirement counseling	0	1	2	3	4
Other .....	0	1	2	3	4

14. What are the criteria set for promotion and upgrading performance auditor(s) in your office?

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

**D. Retention**

15. Does your office have a reward mechanism in place that provides incentives to staff members' high level of performance?

1.  Yes
2.  No

16. Which among the following processes describe your Office's reward system? (Tick as many boxes as appropriate.)

1.  The reward mechanism consists of salary increases, promotions, and other extrinsic rewards in the form of benefits such as paid vacations and health insurance, maternity leave for women, educational benefits, retirement plans, early and flexible retirement,

transportation allowance, housing allowance, hardship allowance, city compensatory etc.

2. The rewards are given in a timely manner; that is, it is not separated in time from the performance it is intended to reinforce.
3. Others (Please specify.)

.....  
**3.2. Corporate Support resources**

**I. Budget resources**

17. Do you have a budget planning in department level?

1. Yes
2. No

18. Where do you get performance audit funding?

1. Government
2. International institutions
3. Other, please specify.

19. Who approves your performance audit budget planning?

1. Parliament
2. Prime Minister
3. Ministry of Finance and Economic Development
4. Board
5. Other, please specify.

20. Do you have regular review of your budget?

1. Yes
2. No

**II. Infrastructure**

21. Do your performance audit departments own encouraging office?

1. Yes
2. No

22. Do you have sufficient office space?

1. Yes
2. No

23. Is your performance audit office comfortable, well-organized and clean?

1. Yes
2. No

24. Do you have performance audit meeting rooms? Are these rooms well-equipped?

1. Yes
2. No

25. Do you have performance audit training rooms? Are these rooms well-equipped?

1. Yes
2. No

**III. Technology**

26. Do you have sufficient numbers of Desktop Computers or Laptops?

1. Yes
2. No

27. Do you have relevant software?
1.  Yes, if yes, please specify
  2.  No, if no, please explain what you need.

28. Does your technology meet your needs?
1.  Yes, if yes, how?
  2.  No, if no, why?

**4. Subsection 4: performance audit Methodology and Standards**

**4.1. Tools of conducting performance audit**

29. Does your office have performance audit tools?

1.  Yes
2.  NO

30. Does your office use the performance audit tools?

1.  Completely
2.  Partially
3.  Not at all

**4.2. Standards**

31. Does the performance audit department follow performance audit standards?

1.  Yes
2.  No

32. Who determines performance audit standards?

1.  Ministry of Finance and Economic Development
2.  Public Accounts Stand committee(PASC)
3.  Office of Auditor General
4.  Professional Body in the Country
5.  performance audit department
6.  Others (please specify it)

33. Which international standards aligned with your performance audit standards?

1.  INTOSAI
2.  AFROSAI-E
3.  Country specific standards
4.  Others (please specify.).....

**4.3. Manuals and guidelines**

34. Are the manuals and guidelines aligned to accepted standards?

1.  Yes
2.  No

35. Does your Performance audit department have audit manuals?

1.  Yes
2.  No

35b. Is the manual fulfilling these?	Yes	No
1. <input type="checkbox"/> Clarity		
2. <input type="checkbox"/> Brief and to the point		
3. <input type="checkbox"/> Easy to understand		
4. <input type="checkbox"/> Jargon free		
5. <input type="checkbox"/> Use of diagrams and illustrations		

	Not at all	Partially	Completely
<b>35c.</b> Does your office update performance audit manuals?	0	1	2
<b>35d.</b> To what extent is the manual implemented?	0	1	2
<b>35e.</b> Do you plan as per the manual provisions?	0	1	2
<b>35f.</b> Do you conduct audits as per manual provisions?	0	1	2
<b>35g.</b> Do you report as per manual provisions?	0	1	2

**5. Subsection 5: Experience sharing**

**36.** Does your office arranged experience sharing among performance auditors within the state/office?

1.  Yes
2.  No

If yes, give the means of sharing.

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

**37.** Does your office arranged experience sharing with performance auditors of best performing countries?

1.  Yes
2.  No

If yes, list those countries and area of experience sharing

.....  
.....

**6. Subsection 6: Relations with Stakeholders**

**6.1. Parliament/Legislature**

**38.** Is there special relationship between Auditor General and legislative?

1.  Yes
2.  No

If Yes, list briefly the area of special relationship.....

.....  
.....

**39.** Does your office of Auditor General is an independent from legislature as well as executive?

1.  Yes
2.  No

**40.** Is the legislature assist or advise the performance audit division of auditor general in selection of priorities area?

1.  Yes
2.  No

If yes, please list them.

.....

**41. a.** When did performance audit report\_time presented to the house of people representatives?/regional/city council?

1.  Annually
2.  Semi-annually
3.  Quarterly
4.  Monthly
5.  When required
6.  No fixed time range
7.  Other (please specify.)...

**41b.** What types of matter reported to legislature?

1.  Matters in dispute between auditor and the auditee
2.  Needs attention
3.  Not rectified/Fails to rectify the matter
4.  Other (please specify.)...

**41c.** Who review performance audit report?

1.  Audit committee of house of people representative
2.  Joint committee of Public Accounts
3.  Expenditure Management Affairs Standing Committee
4.  Not reviewed by legislature

**41d.** Does performance audit report distributed to all members of the legislature members?

1.  Yes
2.  No

**41e.** Does the report fulfill the following conditions?

Conditions	Your response	
	1.Yes	2.No
Brief	1.Yes	2.No
Clear report structure	1.Yes	2.No
Use simple, direct and unambiguous language	1.Yes	2.No
Consists sufficient information	1.Yes	2.No
Use hard evidence and telling examples	1.Yes	2.No

**41f.** Does empirically performance audit report pass in the following stages of drafting process?

Stages in report drafting	Your response	
	1.Yes	2.No
Outline Report	1.Yes	2.No
For auditee prepare first draft by the audit team	1.Yes	2.No
Review and revision by audit office senior management	1.Yes	2.No
Copy sent to audited entity	1.Yes	2.No
Liaison and discussion with audited entity	1.Yes	2.No
Preparing the draft by the audit team for legislature	1.Yes	2.No
Review and revision by senior management	1.Yes	2.No
Inclusion within audit office annual report to legislature	1.Yes	2.No

**6.2. Audited entity**

**42. Does the documentation systems of Auditee affects performance audit works?**

- 1.  Yes
- 2.  No

If yes, what are problems observed on auditees documentation?

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

**43. a. What kind of relationship is there between performance auditor and Auditee?**

- 1.  Constructive
- 2.  Adversarial
- 3.  Neither constructive nor Adversarial
- 4.  Other (specify it).....

**43b. Does your office of auditor general submit its performance audit reports to the audited entity?**

- 1.  Yes
- 2.  No

If No, why the office fails to submit the report?

.....  
 .....

**43c. Is the report sent to audited entity(ies) and legislature has similarities in format and content?**

- 1.  Yes
- 2.  No

	<b>Post Audit Follow-Up</b>	<b>Your response</b>	
<b>44a</b>	Does the audit office undertake procedure for closure of the investigation?	<b>1 Yes</b>	<b>2No</b>
<b>44b</b>	Does the audit office review the Audited Entity's Response within 2 year?	<b>1 Yes</b>	<b>2No</b>
<b>44c</b>	Does the audit office Measure the Impacts of the Audit?	<b>1 Yes</b>	<b>2No</b>

**44d. If your response for Q.44a – Q. 44c is fully or partial No, why follow-up is not undertaken?**

- 1.  Lack of human power
- 2.  Documentation problem
- 3.  Fail to plan
- 4.  Rearrangements of Audited entity
- 5.  Shortage of time
- 6.  Other (specify it).....

**7. Determinants of performance audit program**

**45. How performance audit program determined? What factors affect it?**

.....

.....  
.....  
**Section 2: Pitfalls (problems)**

**46 .** What are the challenges that have faced in conducting performance audit? (Tick as many boxes as appropriate.)

- 7. Lack of professionals( Shortage of human Resource)
- 8. Non-cooperatives of auditees
- 9. Less attention by legislative
- 10. Lack of independence
- 11. Time limitation
- 12. Inadequate auditee documentation system
- 13. Lack of access to information
- 14. Shortage of other resources
- 15. Other (mention, if any) .....

**47.** What are the efforts made to resolve the challenges under question No.46a?

- Related to Office of Auditor General (OAG)

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

- Related to legislature

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

- Performance auditors

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

- Others

.....  
.....

**PART III: Performance audit and struggle against corruption**

**Section 3: Audit types used against corruption**

**48 .** Which types of audit play significant role in fighting corruption? (Circle as many nominal numbers as appropriate.)

<b>Types of audit</b>	<b>Significant</b>	<b>Non-significant</b>
Financial audit	1	2
Fraud audit	1	2
Environment audit	1	2
Performance audit	1	2

**Section 4: Cause for of diseconomy, inefficiency and ineffectiveness**

**49.** What are the cause for of diseconomy, inefficiency and failure to achieve results of auditees?

1.  Unintentional human negligence
2.  complex and difficult environmental factors
3.  Might be due to existence of corruption
4.  Other reasons.....

50a. How lacks of efficiency indicate the existence of corruption?

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

50b. How diseconomies indicate the existence of corruption?

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

50c. How ineffectiveness indicate the existence of corruption?

.....  
 .....

**Section 5: Relationship between OAG and EACC**

*(Tick in the boxes of appropriate.)*

	Y es	N o
<b>51.</b> Does the office of Auditor General develop issues in its strategic planning to create strong partnership with Ethics and Anti-corruption commission?	1 <input type="checkbox"/>	2 <input type="checkbox"/>
<b>51b.</b> Is there means of linkage your performance audit department (office) with Ethics and Anti-corruption commission?  If yes, how performance audit department/division works with Ethics and Anti-corruption Commission? <input type="checkbox"/> Annual meeting <input type="checkbox"/> sending ever copy of performance audit Report <input type="checkbox"/> sending performance audit Report when required <input type="checkbox"/> informally relation <input type="checkbox"/> other	1 <input type="checkbox"/>	2 <input type="checkbox"/>
<b>51c .</b> Does the Corruption Prevention directorate consult office of Auditor general on preventing and fighting corruption?	1 <input type="checkbox"/>	2 <input type="checkbox"/>
<b>51d.</b> Do the Corruption Investigation and Prosecution Directorate jointly investigate corruption when audit finding of Auditor general provide some clue to corruption if it exists?	1 <input type="checkbox"/>	2 <input type="checkbox"/>
<b>51e.</b> Do the Corruption Investigation and Prosecution Directorate formally investigate corruption when performance audit finding highlight areas of diseconomy, inefficiency and failure to achieve results and impact?	1 <input type="checkbox"/>	2 <input type="checkbox"/>
<b>51f.</b> Does performance audit division of auditor general present findings and give recommendations that can create a more efficient and effective public sector?	1 <input type="checkbox"/>	2 <input type="checkbox"/>

<b>51g.</b> Is there special relationship between Office of Auditor General and the commission?	1 <input type="checkbox"/>	2 <input type="checkbox"/>
If yes, please briefly explain the area of relationship. ..... ... ..... .....	1 <input type="checkbox"/>	2 <input type="checkbox"/>
<b>51h.</b> Does the commission take appropriate legal action based on information obtained from Auditor General?		

**Section 6: Accepting performance audit as tool against corruption**

52a. Do you believe that performance audit can be used as a tool against corruption?

1.  Yes
2.  No

52 b. Does performance audit indicated clues to existing corruption on the performance of government departments/agencies/projects/programs/commissionaires/ministries/bare au/authorities/offices/other?

1.  Yes
2.  No

**Section 7: Using performance audit as tool against corruption**

**53.** Did the Ethics and Ant-corruption Commission use the finding(s) of performance audit in struggle against corruption? 1.  Yes 2.  No

<b>54.</b> If your response for Q.54a is No, why the commission not used findings of performance Audit report? (Tick as many boxes as appropriate.)	Yes	No
Lack of understanding	1	2
Lack of experience and trends	1	2
No access to get the performance audit report	1	2
Absence of formal cooperation	1	2
No strategy for joint cooperation	1	2
Lack of resource (man power, financial, information and material)	1	2
Other (specify it)	1	2

**Section 8: Joint duty of OAG and EACC**

**55.** To enhance the role of performance audit in fighting corruption what should have to be undertaken by Ethics and Anti-corruption commission and office of Auditor General?

- Related to Ethics and Anti-corruption commission  
.....  
.....  
.....
- Related to Office of Auditor General (OAG)  
.....  
.....  
.....

Thank you more than I can say!

## Appendix B-Turn out performance auditors' survey

**Addis Ababa University**  
**School of Business and Public Administration**  
**Department of Accounting and Finance**

Questionnaires for Performance Auditors

This study is entitled “**Role of Performance Audit in fighting roots of corruption in Ethiopia: Evidence from Federal Government and Oromia National Regional State**”. The canvasser is Tadele Dereje who is currently a M.sc.candidate in Accounting & Finance at the School of Business and Public Administration of Addis Ababa University, Ethiopia.

This survey questionnaire is prepared in order to get the necessary information to undertake study on the above stated title. The purpose of the study is to analyze the prevailing performance Audit role in struggle against public sectors corruption. Since most of the questionnaires stated below are closed-ended type, responding them may not take much time.

Any information provided will be kept confidential. Therefore, I cordially request your esteemed organization for volunteer to respond the questionnaire and provide accurate and complete data. Partaker is capable of get access to summary research findings at the time of completion of the study upon demand.

For more information, you may make contact with Tadele Dereje by the following address:

☎ +251-912 38 93 37      Email: [tadeledereje@gmail.com](mailto:tadeledereje@gmail.com)

Thank you in advance for your time & cooperation!

Tadele Dereje Tefera

**Attention:**

- Writing your name is unnecessary.
- Circle or put “✓”mark as per the questions required in the box or answer in the space provided.

**Part I: Profile of the respondent**

1. Sex:
  1.  Male
  2.  Female
2. Age (Years)
  1.  below 25
  2.  25-35
  3.  35-50
  4.  above 50
3. Educational Level:
  1.  10/12 grade complete
  2.  Certificate
  3.  Diploma
  4.  Bachelor Degree

5.  Above Degree
- Current status and Experience level:
3. Current operation status:
- 1 Head of Auditor General
- 2 Head of performance auditor division
- 3 Performance auditor in Auditor General
- 4 Turn out the office of auditor general and working in other office
- 5 Other .....
4. Experience on performance audit work:
1.  Less than 1 year
2.  1-2 year
3.  2-3 year
4.  3-4 year
5.  4-5 year
6.  Above 5 year

**Part II: Performance auditors Recruitment to cut off period**

**Section I: Recruitment**

1. Which office recruited you? and how you was recruited in OAG?

1. Ministry of Finance and Economic Development
2. Office of Auditor General
3. Other (*please specify it*) .....

2. How you was recruited in OAG?

.....

.....

.....

**Section II: Stay on conducting performance audit**

**Sub-section A: Number of audits and retention periods**

3. For how many solid years you operate in OAG?

.....

**Sub-section B: Number of audits and retention periods**

4. Does your office have a mechanism in place that takes care of career planning and career development opportunities for performance audit division staff members? 1.  Yes 2.  No
5. Which of the following career planning and development opportunities does your office provide for performance auditors? (Circle as many cells as appropriate.)

Career planning and development	Not provided	Less provided	Satisfactorily provided	Provided well	Highly provided well
Relevant workshops and seminars	0	1	2	3	4
Scholarship( Professional university courses)	0	1	2	3	4
On job training	0	1	2	3	4
Regular training	0	1	2	3	4
Other workshops and	0	1	2	3	4

Career planning and development	Not provided	Less provided	Satisfactorily provided	Provided well	Highly provided well
seminars					
Feedback on job performance	0	1	2	3	4
Merit-based promotions	0	1	2	3	4
Time-based promotions	0	1	2	3	4
Specialization	0	1	2	3	4
Performance feedback and coaching	0	1	2	3	4
Planned job rotation	0	1	2	3	4
Continuing professional education	0	1	2	3	4
Phased retirement	0	1	2	3	4
Career counseling about challenging assignments and possibilities for more exposure and demonstration of skills	0	1	2	3	4
Assessment techniques and programs to help staff members assess their interests, aptitudes and capabilities and linking the information derived to possible careers and jobs	0	1	2	3	4
Self-directed and self-development materials	0	1	2	3	4
Pre-retirement and post-retirement counseling	0	1	2	3	4
Other .....	0	1	2	3	4

**Sub-section C: Experience sharing**

6. Does your office arranged experience sharing among performance auditors within the state/office?

1.  Yes
2.  No

If yes, give the means of sharing.

.....

...

7. Does your office arranged experience sharing with performance auditors of best performing countries?

1.  Yes
2.  No

If yes, list those countries and area of experience sharing

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

**Sub-section D: Salary and benefit**

**a. Retention policy**

8. Which among the following processes describe your Office’s reward system? (Tick as many boxes as appropriate.)

- 1. The reward mechanism consists of salary increases, promotions, and other extrinsic rewards in the form of benefits such as paid vacations and health insurance, maternity leave for women, educational benefits, retirement plans, early and flexible retirement, transportation allowance, housing allowance, hardship allowance, city compensatory etc.
- 2. The rewards are given in a timely manner; that is, it is not separated in time from the performance it is intended to reinforce.
- 3. Others (Please specify.)

.....

**b. Basic salary**

9. Did you have salary increment?  1 Yes  2 No

10. Is the salary of OAG attractive?  1 Yes  2 No

**c. Allowance**

11. Which types of allowance were provided to employees by OAG? (Fill in cells of a table.)

Allowance and other benefit type	Unaffordable	Affordable	If it provided state the amount paid?
Transportation allowance	1	2	
Housing allowance	1	2	
Hardship allowance	1	2	
City compensatory	1	2	
Desert allowance	1	2	
Per-diem	1	2	
Insurance	1	2	
Education allowance	1	2	
Telephone allowance	1	2	
Bonus	1	2	
Commission	1	2	
Severance pay	1	2	
Compensation payment	1	2	
Job search payment	1	2	
Encashment of annual leave	1	2	
Other( <i>specify it</i> )	1	2	
	1	2	

12. Is the allowances paid to you was fair?  1 Yes  2 No

13. If No, which allowance(s) type were not fair with actual spent?

.....  
.....

**d. Overtime earning**

14. Does the OAG pay you overtime payment if you work out of regular working hours?  1 Yes  2 No

**e. Promotion**

15. Does the OAG have clear criteria of promotion?

- 1. Yes
- 2. No
- 3. Unknown

16. Does the office give promotion timely?

- 1. Yes
- 2. No

17. Does the office promote based on performance?

- 1. Yes
- 2. No

18. What are the criteria set for promotion and upgrading performance auditor(s) in OAG?

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

**Sub-section E: Challenges in Audit work**

19. What challenges faced you during stay in OAG?

.....  
.....

20. What you observe as a problem and faced you in OAG relating performance audit conduct?

- Relating to pre-conduct of Performance audit:

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

- Relating to during conduct of Performance audit:

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

- Relating to post-conduct of Performance audit:

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

21. To solve the problem faced you what should have to be undertaken by office of Auditor General?

.....

**Section V: Immediate Causes of turnout**

22. What was your reason(s) to turn out the OAG? (Please tick as many as appropriate boxes)	Yes	No
Personnel case		
Un-attractive salary and benefit		
Lack of independence		
Enforcement from auditee		
Enforcement from government/other sector		
Dis-satisfaction with the outcome of your work		
Negligence of auditee		
Risks of field work		
Others ( <i>please specify them</i> )		

**PART III: Performance audit and struggle against corruption**

**Section VII: Audit types used against corruption**

23. Which types of audit play significant role in fighting corruption? (Circle as many nominal numbers as appropriate.)

Types of audit	Significant	Non-significant
Financial audit	1	2
Fraud audit	1	2
Environment audit	1	2
Performance audit	1	2

**Section VIII: cause for of diseconomy, inefficiency and ineffectiveness**

24. What are the cause for of diseconomy, inefficiency and failure to achieve results of auditees?

- 1. unintentional human negligence
- 2. complex and difficult environmental factors
- 3. Might be due to existence of corruption
- 4. Other reasons.....

25. How lacks of efficiency indicate the existence of corruption?

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

26. How diseconomies indicate the existence of corruption?

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

27. How ineffectiveness indicate the existence of corruption?

.....  
.....

**Section IX: Accepting performance audit as tool against corruption**

28. Do you believe that performance audit can be used as a tool against corruption?

- 1.  Yes
- 2.  No

29. Does performance audit indicated clues to existing corruption on the performance of government

departments/agencies/projects/programs/commissionaires/ministries/bareau/authorities/offices/other?

- 1. Yes
- 2. No

**Section X: Using performance audit as tool against corruption**

30. Did the Ethics and Ant-corruption Commission use the finding(s) of performance audit in struggle against corruption? 1.Yes 2. No

<b>31. If your response for Q.36 is No, why the commission not used findings of performance Audit report? (Tick as many boxes as appropriate.)</b>	Yes	No
Lack of understanding	1	2
Lack of experience and trends	1	2
No access to get the performance audit report	1	2
Absence of formal cooperation	1	2
No strategy for joint cooperation	1	2
Lack of resource (man power, financial, information and material)	1	2
Other (specify it)	1	2

**Section X: Joint duty of OAG and EACC**

**32.** To enhance the role of performance audit in fighting corruption what should have to be undertaken by Ethics and Anti-corruption commission and office of Auditor General?

- Related to Ethics and Anti-corruption commission  
.....  
.....
- Related to Office of Auditor General (OAG)  
.....  
.....

Thank you more than I can say!

## Appendix C: Ethics and Anti-Corruption Commission officials' survey

**Addis Ababa University**  
**School of Business and Public Administration**  
**Department of Accounting and Finance**  
Questionnaires for Ethics and Anti-Corruption Commission

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Any information provided will be kept confidential. Therefore, I cordially request your esteemed organization for volunteer to respond the questionnaire and provide accurate and complete data. Partaker is capable of get access to summary research findings at the time of completion of the study upon demand.

For more information, you may make contact with Tadele Dereje by the following address:

☎ +251-912 38 93 37      Email: [tadeledereje@gmail.com](mailto:tadeledereje@gmail.com)

Thank you in advance for your time & cooperation!

Tadele Dereje Tefera

***Attention:***

- Writing your name is unnecessary.
- Circle or put “✓” mark as per the questions required in the box or answer in the space provided.

**Part I: Profile of the respondent**

4. Sex:  Male  Female
5. Age (Years)  below 25     25-35  35-50  above 50
6. Educational Level:  10/12 grade complete  Certificate  Diploma  
 Bachelor Degree     Master of Degree  Ph.D     Other

**Part II: Overview of corruption and Ethics and Anti-corruption commission**

**Section A: Overview of corruption**

1. What is the current level of corruption in the country/region/city?

- 1 Very serious  
 2 Serious  
 3 Not serious problem

**Section B: Overview of Ethics and Anti-corruption commission**

2. When did your Ethics and Anti-corruption commission established?  
 .....

**Section C: Causes of corruption**

3. Which of the following are (is) the major causes of corruption in Ethiopia/ federal government/ regional government/ city government level? (Circle as many cells as appropriate.)

<b>Cause of corruption</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Neither agree nor</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
Extreme poverty	4	3	2	1	0
Family and ethnic loyalties and obligations,	4	3	2	1	0
Harmful cultural practices	4	3	2	1	0
Inadequate accounting and auditing	4	3	2	1	0
Inefficient civil service system	4	3	2	1	0
Lack of adequate citizen participation	4	3	2	1	0
Lack of clear regulations and authorization	4	3	2	1	0
Low level of democratic culture and tradition	4	3	2	1	0
Low level of institutional control	4	3	2	1	0
Privatization	4	3	2	1	0
Problems related to transparency and accountability	4	3	2	1	0
Weak financial management	4	3	2	1	0
Worsening of acceptable moral and ethical values	4	3	2	1	0
unclear distinction between private and public interests	4	3	2	1	0

**Section D: Consequences of Corruption**

4. Which of the following are (is) Consequences of Corruption? (Circle as many cells as appropriate.)

<b>Consequences of Corruption</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Neither agree nor disagree</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
Affect capital inflows and foreign direct investments (FDI)	4	3	2	1	0
Affect Foreign aid	4	3	2	1	0
Affect the on-going poverty reduction	4	3	2	1	0
Create social unrest	4	3	2	1	0
Deforms the individual and the public sectors	4	3	2	1	0
Destroys faith in democracy	4	3	2	1	0
Hinders economic and social development	4	3	2	1	0
Influence international trade	4	3	2	1	0
Increase government expenditure	4	3	2	1	0
Marginalize the poor	4	3	2	1	0
Reduce GDP	4	3	2	1	0
Reduce government revenue	4	3	2	1	0
Undermines the legitimacy of the governments	4	3	2	1	0
Worsen poverty	4	3	2	1	0

**PART III: Performance audit and struggle against corruption**

**Section E: corruption Prevention methods**

5. Does the commission use various means of integrity system in corruption prevention?

Prevention methods	Used- 1	Not used- 2
Establishing national Anti-corruption programs and strategies(E.g. Ethical code, disclosure of income and assets, improved procurement procedures etc)		
Doing with watch dog agency-ombudsman and Supreme Audit Institutions		
Public participation and democratic process		
Participating civil society		
Accountability of Judicial process		
Participating media		
Involving private sector		
Creating international cooperation		
Other (specify them).....		

**Section F: Relationship between SAI and EACC** (Tick in the boxes of appropriate.)

	Yes	No
<b>6.</b> Does the commission develop issues in its strategic planning to create strong partnership with office of Auditor General?	1 <input type="checkbox"/>	2 <input type="checkbox"/>
<b>7.</b> Does the Corruption Prevention directorate consult office of Auditor general on preventing and fighting corruption?	1 <input type="checkbox"/>	2 <input type="checkbox"/>
<b>8.</b> Do the Corruption Investigation and Prosecution Directorate jointly investigate corruption when audit finding of Auditor general provide some clue to corruption if it exists?	1 <input type="checkbox"/>	2 <input type="checkbox"/>
<b>9.</b> Do the Corruption Investigation and Prosecution Directorate formally investigate corruption when performance audit finding highlight areas of diseconomy, inefficiency and failure to achieve results and impact?	1 <input type="checkbox"/>	2 <input type="checkbox"/>
<b>10.</b> Does performance audit division of auditor general present findings and give recommendations that can create a more efficient and effective public sector?	1 <input type="checkbox"/>	2 <input type="checkbox"/>

<b>11.</b> Is there special relationship between Office of Auditor General and the commission? If yes, please briefly explain the area of relationship. .....	1 <input type="checkbox"/>	2 <input type="checkbox"/>
<b>12.</b> Does the commission stated in its current strategic planning issues relating how to use audit reports of Auditor General as a tool in fighting corruption?	1 <input type="checkbox"/>	2 <input type="checkbox"/>
<b>13.</b> Does the commission take appropriate legal action based on information obtained from Auditor General?	1 <input type="checkbox"/>	2 <input type="checkbox"/>

**Section G: Audit types used against corruption**

**14.** Which types of audit play significant role in fighting corruption? (Circle as many nominal numbers as appropriate.)

Types of audit	Significant	Non-significant
Financial audit	1	2
Fraud audit	1	2
Environment audit	1	2
Performance audit	1	2

**Section H: using performance audit as tool against corruption**

**15.** Did the Commission use the finding(s) of performance audit in struggle against corruption?

1  Yes

2  No

**16.** If your response for Q.16 is No, why the commission not used findings of performance Audit report? (Tick as many boxes as appropriate.)

1.  Lack of understanding
2.  Lack of experience and trends
3.  No access to get the performance audit report
4.  Absence of formal cooperation
5.  No strategy for joint cooperation
6.  Lack of resource(man power, financial, information and material )
7.  Other (specify it).....

**Section I: Joint duty of OAG and EACC**

**17.** To enhance the role of performance audit in fighting corruption what should have to be undertaken by Ethics and Anti-corruption commission and office of Auditor General?

- Related to Ethics and Anti-corruption commission  
 .....
- Related to Office of Auditor General (OAG)  
 .....

**Thank you for your time & cooperation**

**Appendix D: Interview question to head of performance audit division of OAG**

**Human resource**

1. What qualifications in terms of formal education does your office look for in recruiting staff of your performance Audit Department or division?

Level of qualification	Male	Female	Total
Diploma			
Bachelors degree (three or four year program)			
Certified Public Accountants (CPAs) or Chartered Accountants			
Those with degrees in or Accounting but are not CPAs nor Chartered Accountants			
Masters degree			
Doctoral degrees			

**Report and Performance audit in Anti-corruption struggle of EACC**

2. How your auditor general work with Ethics and Anticorruption commission?

.....

3. What are benefits provided to ethics and Anticorruption commission from the auditees' finding information of performance auditing?.....

.....

4. What are the Overall contribution of performance audit in relation to struggle against corruption within the state and country level?

.....

.....

.....

**Appendix E: Interview with Public Accounts Affairs Committee**

**Interview with Public Accounts Affairs Standing Committee**

*Establishment of Public Accounts Affairs Committee*

- 1. When did PAAC Established? .....
- 2. What are mandates and objectives of PAAC? ..... ..  
.....  
.....

*Coverage of performance audit and using it for corruption fighting*

- 3. Does the number of audit reports presented to Legislature is enough?
- 4. How you consider the cover of performance audit in the state?
- 5. What arrangements are made, like other countries, to enhance performance audit practice in the country?  
.....  
.....
- 6. What is further process PAAC/Legislature undertakes if the audit reports give clues for the existent of corruption?