

# Auditing the African State

International Standards  
and Local Adjustments



# **Auditing the African State**

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and Local Adjustments**

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# CHAPTER 1

## **Reforming The Public Sector in Africa - Local Adjustments and The Public Auditors**

Establishing mechanisms of accountability is a central idea for how a democracy is organized. Rules and regulation that provide procedures for limiting the power of the government are commonly understood as the organizing of free and universal elections, where the people can vote the government out of power (see for instance Fukuyama 2011, p. 14). Another fundamental part of democratic accountability is the establishment of oversight authorities, to verify how public resources are spent and how public officials working within the government administrations follow the rules and regulation, i.e. audit.

Audit of the public administration as a mechanism of democratic accountability has long historic roots, and its importance already was noted by John Stuart Mill ((1861) 2001), and by Max Weber ((1922) 1978, p. 968), who both argued that public officials need to be controlled and limited so their powers would not be too extensive:

... in regard to the constitution of the executive departments of administration. Their machinery is good when ... a convenient and methodological order established for its transaction, a correct and intelligible record kept of it after being transacted; when each individual knows for what he is responsible, and is known to others as responsible for it. ... But political checks will no more act of themselves than a

bridle will direct a horse without a rider. If the checking functionaries are as corrupt or as negligent as those whom they ought to check ... little benefit will be derived from the best administrative apparatus.

(Mill, John Stuart (1861) 2001, p. 24)

As illustrated by the quotation, Mill claims that in order to establish a well working public administration the mere use of rules, procedures and individual responsibility would be as inadequate as believing that a bridle would solely direct a horse, without the assistance of a rider. To make the administration work, “checking functionaries” are essential. Apart from Mill, mechanisms to create accountability of the public administration have largely been neglected in discussions of democratic theories (for a review see Ahlbäck 1999).

This study concerns the development of such accountability mechanisms within the state, i.e. state audit institutions, and how this development may be understood in Sub-Saharan African contexts. As will be illustrated in this chapter and further developed in the second chapter, there are different understandings of the character of public administrations in Sub-Saharan African countries and consequently also diverse understandings for how the establishment and development of state audit institutions should be regarded in these contexts. These dissimilar ideas constitute the basis for the aim of this study, which is presented more explicitly further on in the chapter.

The role of auditors in public sector development may be regarded as twofold; on the one hand, auditors are the “checking functionaries” who control the rest of the public administration, ensuring and verifying the action of other public officials; thus, they are a part of the development of other public sector organizations. On the other hand, being public officials themselves, public auditors constitute a part of the central state administration; consequently, the state audit institutions may also be regarded as a part of the general development of the public administration in a country. In this study, the focus is on the development of the state audit institutions per se, however although it is not investigated here, due to their central role



in the state administration the attitudes and actions of state auditors most probably affect the rest of the public sector organizations. In a significant amount of research, public sector performance has proved to be important for the overall development in a country (Holmberg, Rothstein & Nasiritousi 2009). For instance, studies demonstrate how well performing public administrations create increased economic growth (Mauro 1995), which does not only favor small groups of elites but also benefits the entire population. For instance, through general reduction in poverty, reduced income inequality and increased resource allocation to areas of education (Gupta, Davoodi & Alonso-Terme 2002; Mauro 1998). Also in the area of health, the performance of public organizations has proved to be significant, where better quality in public sector organizations leads to improved health among citizens (Azfar & Gurgur 2005), a reduction in infant mortality as well as higher life expectancy (Holmberg, Rothstein & Nasiritousi 2009). Moreover, the quality of public institutions appears to be significant for democratization, where successful democratization processes in African countries have proved to be highly correlated with the regulatory qualities in these countries (Berg-Schlusser 2008).

The significance of well performing public administrations is noted also by international actors like the World Bank, and the donor community. Since the end of 1980s, the World Bank has acknowledged the importance of the state and the public administration in the development process (World Bank 1989) and its report from 1997 is recognized as constituting a change of view of development in the international community, towards a stronger focus on the importance of “good governance” and public sector performance (Evans & Rauch 1999). In the report, the World Bank (1997) states that: “Over time, even the smallest increases in the capability of the state have been shown to make a vast difference to the quality of people’s lives” (p. 15). Although there is no universal definition of what “good governance” means, it rests on the theoretical fundamentals of the importance of sound societal institutions, formal and informal, as advanced by theorists like Douglas North

(Holmberg, Rothstein & Nasiritousi 2009). In its understanding of what encompasses “good governance”, the World Bank defines the concept broadly as “traditions and institutions by which authority in a country is exercised”, which includes accountability, through elections and replacement but also through processes where governments are monitored (Kaufmann, Kraay & Mastruzzi 2006 p. 7). In addition, the recognition of the importance of the public sector capacity has resulted in the World Bank supporting a large number of capacity building projects in African countries since the mid-1990s (World Bank 2005).

The significance of the public sector performance is also mirrored in the donors’ view of aid and how to create aid effectiveness. In order to reach the United Nations Millennium Development Goals, the donor community drew up a joint declaration in 2005, the Paris agenda, for increased aid effectiveness. The Paris agenda emphasizes alignment and ownership as well as the importance of using institutions and systems in the partner countries for implementation of policies and monitoring activities. Thus, to increase aid effectiveness, the agenda prescribes the necessity of strengthening and increasing the capacity of public institutions in developing countries (OECD 2005).

## **The development discourse – “home-grown” solutions or local adjustments**

Although some African countries have experienced significant development and general reduction in poverty, the overall development in Sub-Saharan Africa shows significantly lower improvement in various measures of development than the rest of the world.<sup>1</sup> The 2010 Human Development Report illustrates how

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<sup>1</sup> In this study, Africa and Sub-Saharan Africa are used synonymously i.e. the development of Northern African countries is not included. This is also common practice in the literature, where scholars primarily refer to Sub-Saharan Africa when they discuss the character of the public sector in African countries.

the Sub-Saharan Africa region has the lowest figures for human development in the world across various dimensions, and states that the region faces the greatest challenges of development in the world (UNDP 2010). Although some countries are exceptions, rates of growth have generally been lower and income inequality higher, as well as improvements in life expectancy, literacy and general poverty reduction generally has been lower in Africa than in other regions in the world (Englebert 2000; UNDP 2010; Van de Walle 2009). As discussed above, a substantial number of empirical studies have shown a strong correlation between public sector performance and how it impacts on various measures of human development. Hence, it is argued that the lower development rates in African countries are to a large extent a result of the poor quality of the public institutions (c.f. Acemoglu, Johnson & Robinson 2001; 2003; Bigsten & Durevall 2004; Diamond 2004; Rodrik, Subramanian & Trebbi 2004; Van de Walle 2009, World Bank 1989; 1997; 2005). As discussed, since international actors and scholars have recognized the importance of “good governance” from the middle of the 1990s, a large number of capacity building projects in the public sector have been undertaken around the world, in order to create good governance. Attempts to reform the administration and build capacity in the public sector has failed in Africa to a much larger extent than in other regions of the world, however (World Bank 2005, p. 20-21).

In the search for explanations for the poor development of African public sector organizations, and the failure of administrative reforms, several scholars argue that the historic legacies of colonialism are central for understanding the state and the administration in contemporary Africa (e.g. Acemoglu, Johnson & Robinson 2001; Bayart 1999; 2009; Bratton & Van de Walle 1997; Englebert 2000; 2009; Ekeh 1975; Herbst 2000; Migdal 1988; Van de Walle 2009; Hyden 1983; 2006). When European colonial powers arrived in Africa, they established new state and administrative structures in the colonial territories, and ignored the often complex systems of governance existing in African societies (Mamdani 1996). In addition

to being based on a racist ideology and practice (Young 1994), these administrative structures derived from external coercion instead of domestic recognition, which contributed to their lack of legitimacy among the African people (Abrahamsen 2000; Englebert 2000; 2009). The colonial period created a situation where formal institutions became merely artificial, and where loyalty as well as decision-making and power structures, instead existed in parallel within informal networks. Although loyalties may have changed, from family and tribe towards new elites and powerful individuals, it is argued that the core, informal particularistic networks override formal structures, has survived into present-day African administrations:

State offices at every level become permits to loot, either for an individual or somewhat wider network of family members, ethnic kin, political clients, and business cronies. Corruption, clientelism and personal rule thus seep into the culture, making the system even more resilient. In Africa, contending patron-client networks organize along ethnic or sub-ethnic lines, and the president sees his ethnic kin as the most reliable loyalist in the struggle for power. This makes the system particularly unstable, as conflicts over pelf, power, and identity mix in a volatile, even explosive brew.

(Diamond 2010, p. 54-55)

As the above Larry Diamond quotation illustrates, kinship and other particularistic networks are regarded as constituting the specific character of contemporary African political and administrative culture (Bratton & Van de Walle 1997; De Sardan 1999; Diamond 2010; Ekeh 1975; Fuseini Haruna 2003; Hyden 1983; 2006; Jackson & Rosberg 1984; Sandbrook 1986; Young, 1994). Some scholars argue that these features of informality and reciprocal networks have long historic roots in African societies and despite various efforts to reform the administrations throughout history, this specific culture has continued beneath the formal structures (e.g. Ekeh 1975; Le Vine 1980; Mbire-Barungi 2001). Other scholars instead emphasize that the tendency to rely on informal networks instead of formal impersonal

rules and procedures is a consequence of colonialism and the European influence in African countries (e.g. Englebert 2009; Migdal 1988). The arrival of Europeans on the African continent changed traditional procedures of governing African societies, new powerful trade networks were established and new administrative chiefs were created, who were given extensive powers over traditional rulers. These fundamental changes in the societies resulted in the creation of powerful individuals, so called “big men” and laid the foundation for their surrounding strong reciprocal networks. Although these networks are highly unequal, the people involved in the networks are dependent on the benevolence of certain individuals and people who are not included in the networks may not expect any rights or privileges, it is expected these societal structures will survive since people are able to rely on them as survival strategies (Bayart 2009; Bratton & Van de Walle 1997; Mamdani 1996, Migdal 1988).

The characteristics discussed above, it is argued, are the reason why administrative reforms have failed to such a large extent in Sub-Saharan Africa. Since African public officials have little reason to change their devices and their basis for legitimacy are their local communities and particularistic networks and not the formal administrative structures, originally deriving from the colonial period, administrative reforms are not likely to succeed or to be sustainable.

Other explanations for the failure of administrative reforms in Africa, is the lack of attention paid to the capacity level in terms of educational levels, infrastructure and technology levels. For investments and reforms to be sustainable, there is a need for a surrounding context that continuously supports the structures. In developing countries, such surrounding contexts may be lacking or may be too expensive to establish (Hilderbrand & Grindle 1998; Klitgaard 1989; Olowu 1999). Consequently, the reason why administrative reforms have failed to a large extent in many African countries is explained here by the failure to adapt foreign, in particular Western, practices to prevailing capacity levels in the country context (Turner & Hulme 1997; World Bank 2005).

The historic legacies and specific features of African states and administrations presented above have led many scholars to draw the conclusion that ideas and reforms are unlikely to be understood and implemented in African countries in the same way as they are in other contexts. Scholars argue that administrative models and reforms deriving from international communities or Western countries lack domestic legitimacy in African countries and they are ill suited for the African context, consequently such reforms are likely to fail. Instead, it is argued that African countries primarily ought to develop their own administrative structures and models, which better encompass the unique character of their societies (e.g. Abrahamson 2000; Ake 1996; Bayart 2009; Dia 1996; Englebert 2009; Jones & Blunt 1993; Leonard 1987). Though some scholars do not completely reject the idea of using Western models in African administrations, they still emphasize that foreign models are in great need of adjustment to suit the prevailing specific local circumstances, in order to be sustainable (e.g. Diamond 2004; Grindle 1998a; Hyden 2006; World Bank 2005).

These arguments and conclusions are not only based on the historic legacies of administrative reforms and present day statistics demonstrating low levels of public sector performance in African countries, they are also closely connected to a moral dimension in the relationship between Western countries and the rest of the world. In this line of argument, Western world hegemony is regarded as problematic since Western standards and norms are spread and viewed as “development” and “modernization”, at the expense of other cultures and traditions (e.g. Ake 1996; Ekeh 1975; Hettne 2009; Said 1978; Young 2001). Thus, also from a moral perspective, the importance of each society building their own state structures is regarded as crucial. In particular this may be considered essential for countries in Sub-Saharan Africa, where the experience of imposed structures has been severe and depraving.

## **Organizations and professions in the public sector - also in Sub-Saharan Africa?**

Another approach to public administrations in Sub-Saharan Africa is to regard them primarily as organizations, and if we turn to a body of literature examining the behavior of organizations, the picture presented is very different. The literature on organizations focused on here is less normative than the development literature discussed above, since there are fewer discussions on whether administrative structures are compatible or not with underlying societal values, norms and informal structures or whether their introduction is appropriate or not from a moral perspective. This may be compared to the development literature where this constitutes a major part of the explanation for why development in many African countries has been poor, and administrative reforms have failed. In this strand of organization research, the theoretical assumptions are based instead on empirical observations of how organizations have responded to the actions of other similar organizations and how administrative reforms have spread among organizations, within regions as well as across countries.

This strand of research on organizations takes its point of departure from an influential article by two organizational sociologists, Paul J. DiMaggio and Walter W. Powell (1983), who started by questioning the, at the time, mainstream organizational theory, which primarily focused on explaining why organizations were so different. Since DiMaggio and Powell found that several empirical studies had actually proved significant similarities among organizations, they turned their attention to why such homogeneity occurred. In their article, they argued that when new types of organizations are created they might start out with diversified modes of organizing. However, when several other organizations in the same category, i.e. within the same organizational field, eventually are established they would gradually all end up being strikingly similar:

For reasons that we will explain, highly structured organizational fields provide a context in which individual efforts to deal rationally with uncertainty and constraint often lead in the aggregate, to homogeneity in structure, culture, and output.

(DiMaggio & Powell 1983, p. 147)

To explain this behavior, DiMaggio and Powell identify three different forces, a *coercive*, a *normative* and an *imitative* pressure, which they claim influence organizations to become homogenous, in structure and in practice. They label the mechanisms institutional isomorphism, stressing the pressure for organizations to adapt to key institutional elements as the primary reason for change, rather than competition for resources and profit. Since the influential work of DiMaggio and Powell, isomorphic mechanisms and how organizations accordingly adapt to them have been studied extensively, and the theoretical as well as the empirical scope of the research has been broadened considerably (for a review see Greenwood et al. 2008).

The coercive isomorphic mechanism refers primarily to how organizations have to adapt to binding rules and regulation. Such regulation is normally issued by the government and through similar regulation for organizations within the same field, it will create similarities among the organizations (DiMaggio & Powell 1983). The other two forces, the normative and the imitative pressure, operate differently. The normative mechanism operates primarily through professions that, several scholars argue, are of substantive importance for understanding the behavior of organizations (e.g. Abbott 1988; Meyer et al. 1997; Greenwood, Suddaby & Hinings 2002; Scott 2001). Professions normally share the same educational background and they, in addition meet in professional associations and networks, nationally and internationally (DiMaggio & Powell 1983; Gibbons 2004). Such professional associations and networks often become arenas for spreading ideas and norms, and the common professional identity is argued to make adapting the ideas of their professional peers very likely (c.f. Berger & Luckmann 1967; Borrás & Jacobson



2004; Gibbons 2004; Greenwood, Suddaby & Hinings 2002; Mörth 2008; Sahlin-Andersson 2000). Likewise, processes of imitation often build on identification with others. Scholars argue that organizations tend to imitate other organizations with which they identify, as well as tending to imitate organizations that they would like to resemble, i.e. more successful organizations (e.g. Frumkin & Galaskiewicz 2004; Haveman 1993; Tolbert & Zucker 1983; Sauder & Landcaster 2006; Sevón 1996; Slack & Hinings 1994). What is to be regarded as success among the organizations may well be defined and spread by various actors, such as consultant agencies (Deephouse 1996; Slack & Hinings 1994) professional associations (Wedlin 2007), the state, or the general public (Deephouse 1996).

Although several studies have been conducted within the same national context, a substantial number of scholars argue that normative and mimetic pressures in particular, impact on organizational behavior at the international level as well (for a review see Dobbin, Simmons & Garret 2007). Similarly, the impact of international norms on domestic level policies has been illustrated in several studies in the literature on international relations (e.g. Checkel 2001; Cortell & Davis 1996; 2000; Finnemore 1993; Greenhill 2010; Holzinger, Knill & Sommerer 2008; Ikenberry & Kupchan 1990; Johnston 2001; Kelley 2004;). For instance, studies demonstrate how domestic actors, such as activists or professional groups, are able to appeal to international conventions in order to promote their ideas and work for a change in domestic policies (Cortell & Davis 1996; Finnemore & Sikkink 1998), or how membership in international organizations has led to the adaptation of norms and the creation of similar structures and policies in states over time (Greenhill 2010; Holzinger, Knill & Sommerer 2008; Sandholtz & Gray 2003). Although this literature provides valuable insights to understanding how international norms impact the behavior of individual states, the analytical level of these studies in general is still at the level of national policies and state structures. Since the focus of this study is at the level of individual public sector organizations, the organization theory

strand as presented above, and further developed in chapter two, is likely to provide a more suitable theoretical framework for the study, than the literature on international relations.

Another strand of research on organizations is the “translation literature”, which has become dominant in Scandinavian research on organizations, in particular regarding the spread and adaptation of ideas and reforms in the public sector (c.f. Greenwood et al. 2008). Since this theoretical approach has become popular in Scandinavia for explaining the travel of global ideas, how they land and are translated in various places, it may be relevant to discuss why this theoretical approach was not found to be appropriate in this study. Scholars within this tradition regard isomorphic mechanisms as drivers for why public organizations do implement reforms when they are not forced by regulation; however, they emphasize the differences in outcome between organizations. In various case studies, these scholars illustrate that, despite claiming adaptation of reforms, all organizations use (or translate) ideas and adopt reforms differently. In this strand in the organization literature, it is argued that *all* organizations do things differently, regardless of whether it is two public health care organizations within the same city, two municipalities within the same country or two cities in different countries (Czarniawska & Sevón 2005). This may be compared with the development literature, where scholars argue that there is *a difference between Western countries and African countries*, which makes transfer of organizational models and ideas from Western countries to Africa problematic.

Hence, in the development literature, public administrations and their environment in Western countries are all regarded as being fairly similar, and their specific characteristics are regarded as different from their African equivalences. In contrast, the translation literature considers *all organizations and all their local contexts as different* regardless of where they are located geographically. Against this background, to develop new knowledge about public administration reforms in African countries, the theory of translation, as well as the theoretical approach of considering practices in all organizations

around the world as different, could not be considered to be especially useful. Instead, the application of the theory of isomorphism, as argued by DiMaggio and Powell (1983) and scholars following their theoretical argument is more likely to generate a better theoretical framework for a fruitful description and analysis of the features of administrations and the behavior of public officials in African countries.

## **The puzzle**

As illustrated above, the theory of isomorphic mechanisms claims that apart from coercive pressures, normative as well as imitative mechanisms are highly influential on organizations, and their impact on organizations within the same fields will cause them to become homogenous in structure and practice, even across national boundaries. According to this theory, state audit institutions around the world should turn out to be similar in structure and in practice. The ambition of this theory is universal, consequently these mechanisms are supposed to operate in similar manners in countries in Sub-Saharan Africa as they do in Western countries. Yet, there are few studies of these mechanisms on organizations in Sub-Saharan Africa; rather studies within this tradition have been mainly conducted on organizations in Western countries. Consequently, we know little about if and by what means this theory is accurate for Sub-Saharan African contexts.

Turning to the literature describing and analyzing African public sector organizations, the picture presented of these organizations is very different. In contrast to what organization scholars argue is the nature of organizations, namely to be affected by the actions of similar organization regardless of geographical location, the adoption of foreign, in particular Western, models and practices in Sub-Saharan African organizations is regarded as problematic. Within this body of literature, it is argued that the behavior of African public organizations and public officials is determined mainly by their

local political and socio-economic contexts. Administrative reforms with Western origins are regarded more as part of coercive pressure, consequently, there is little discussion on the impact of voluntary isomorphic mechanisms and how that may affect public officials' view of what is considered appropriate practice.

In cases where similarities with Western public organizations are found, such as the resemblance of formal administrative structures in African public sector organizations to Western administrations, these features are claimed to be merely artificial and to have no real impact on the organizations (c. f. Bratton & Van de Walle 1997; Diamond 2010; Ekeh 1975; Hyden 2006). Likewise, it is claimed that small groups of elites in African societies are willing to imitate Western behavior; however, they are regarded as small exclusive groups, in general educated abroad in Western countries. Consequently, the actions of elite groups are not regarded as representing general public officials, educated in their own country, nor are their actions discussed as influencing African public administrations to any great extent (c.f. Bayart 2009, p. 27; Ekeh 1975; Englebert 2000; Young 2001).

Due to the large differences in context, political and administrative cultures and due to the moral dimension of the relationship between West and Africa, scholars within development literature argue that it is inappropriate to transfer Western or international structures and practices to public organizations in Sub-Saharan Africa. Public sector reforms rather need to encompass the specific character of the African administration and build on domestic solutions. Alternatively, at least, it is strongly emphasized that Western or international models are in great need of adjustment to suit prevailing African local contexts, in order to be sustainable over time. Despite the argumentation and conclusions drawn by development scholars, there are in reality few empirical studies demonstrating how public officials handle foreign administrative reforms and international practices and ideas, in relation to their local circumstances. The literature may be normative but we know

less of the views of African public officials, in this case the public auditors, and how they regard the relationship between Western or international practices and their local context. Is it their ambition to build their own structures in line with their national specific context? Alternatively, if African public officials use Western or international administrative practices as a role model, what adjustments do they find necessary to make considering the local context?

The two bodies of literature presented here provide different understandings of public administration reforms in countries in Sub-Saharan Africa. It may well be difficult for both theories to be equally correct in their descriptions and analysis; but, which theory provides the most accurate understanding of African public sector organizations, and for which aspects? Thus, the aim of this study is to test these two theoretical approaches in an empirical study, within the field of state audit. A further clarification of the aim will be presented in the next section.

## **The state audit case**

As argued in the introduction, having an independent actor to verify how public resources are administered is a central idea in how we think about democracy, which has long historic roots in how the democratic state is organized. Already in the early Athenian democracy, public officials were held accountable for their actions. Public officials informed the elected assembly of their performance on a regular basis, and in cases of unsatisfactory reports, they could be held accountable in front of a jury of citizens (Day & Klein 1987). To monitor how public officials administered public funds, there were specific public servants, the auditors, who were entrusted with this specific duty. The establishment of a mechanism such as audit, however, has not only been the practice in democratic societies, throughout history queens, kings and other rulers have also used officials as auditors to control how other officials used the resources

with which they were entrusted (Normanton 1966; see also Frisk Jensen 2008).

Although the significance of audit has been neglected by democracy theorists (Ahlbäck 1999), a considerable amount of research has noted a general increase and growing trust in audit and inspection activities. Deregulation and decentralization of the public sector has increased demands for measurable results and verification of public sector activities. As a part of this growing demand for verification, scholars argue that various kinds of audit have increased in scope as well as in significance (Dye & Staphenhurst 1998; Gendron, Cooper & Townley 2007; Guénin-Paracini & Gendron 2010; Hood et al. 1999; Johansson 2006; Pentland 2000; Power 1999; 2005; Rose-Ackerman 2005; Skaerbaek 2009).

While the choice of audit institutions, as an area of public administration reform, could be regarded as manifest due to their central position in the organization of the state in a democratic society, it is of particular significance for this study that state audit can be regarded as a Western administrative practice, established among other administrative structures on colonial territories by the colonial powers (Wunsch 2000, p. 505). Consequently, state audit is an example of a Western administrative structure that, it is argued, is incompatible with African societies, or which needs to be significantly adjusted to suit African contexts. As previously discussed, the public auditors are the “checking functionaries”, i.e. they are the public officials who control the separation of public and private resources as well as ensuring that public officials within the state follow the formal rules and procedures. If we consider the description of public sector organizations in African countries given in the literature where the absence of formal rules and regulation as well as the use of public office and public resources for private or particularistic group (like kinship) benefits are claimed to be the essence of how African bureaucracies operate. Then, the character of the audit profession should mean that if there were any group of public officials, where the differences claimed in norms between the Western “Weberian” public

auditor and the African reality and behavior would conflict and be made apparent, it is reasonable to believe it will be among auditors.

Additionally, in general, public sector organizations consist of professions, in some respects similar to state auditors, for instance doctors, nurses, firemen, teachers and police officers (Lipsky 1983). Consequently, there are reasons to believe that the results from this study of state auditors should be applicable to other public sector professionals. Moreover, within audit there are several development programs, multilateral through their professional organizations, as well as bilateral arrangements between state audit institutions in Western countries and developing, including African, countries. Consequently, the question of the possibilities for transfer organizational models and ideas between countries is likely to be raised, considered and handled in these organizations.

An aspect, which may distinguish auditors from other public officials, is that beyond national regulation and national standards, their profession is governed by international audit standards, established by an international professional organization, the International Organization of Supreme Audit Institutions (INTOSAI). Standards are a particular form of rules, which are often spread via professional transnational organizations and are directed towards certain groups of professionals (Brunsson & Jacobsson 1998). In addition, standards and standard-making organizations are based on the principles of voluntarism, i.e. membership in such organization is normally voluntary and there are no possibilities for standard-making organizations to impose standards on individual organizations. Likewise, it is not possible to impose sanctions in cases where there is no compliance with the standard (c.f. Abbott & Snidal 2000; Ahrne & Brunsson 2008; Knoke 1986). The mechanisms for how standards and voluntary regulation are spread and adopted by organizations are much in line with the arguments for how isomorphic mechanisms of imitation and norms work, and will be discussed further in chapter two.

Thus, apart from representing an old Western administrative practice introduced by the colonial powers, state audit is today very much an internationally regulated practice. This does not alter, however, its relevance for representing Western structures. Due to an asymmetric balance in power between the Global South and the Global North, international policies are regarded in general as being products of the industrialized Western countries rather than being constructed and developed by developing countries, subsequently the concepts “international” and “Western” are often used in parallel in the literature (c.f. Fergusson 2006; Turner & Hulme 1997; Wunsch 2000).<sup>2</sup>

As discussed previously, the development literature on public administration reforms in Sub-Saharan African countries creates an understanding for how African public auditors could be expected to treat international audit standards, which differs greatly from the understanding emerging from the literature on organizations and standards. The picture presented in the development literature concerns both what the auditors could be expected to express in terms of what it is possible to introduce in their countries and what actions they undertake. Following this literature, African auditors could be expected to express a wish to have their own method for conducting audits, which they would argue would be more suitable for their local conditions, and their actions would also demonstrate that they relate to audit in a different way than prescribed in the international standards. Moreover, if the auditors were to use international audit standards, it is reasonable to believe that these auditors would argue there were difficulties in using these standards and, most likely, the international standards would need to be adjusted to suit the auditors’ local African environment. The auditors’ actions could also be expected to illustrate similar attitudes towards the standards.

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<sup>2</sup> See also Fuseini Haruna (2003; 2009) who discuss the difficulties in transferring management practices between Western and African countries. Fuseini Haruna (2003) argues that management ideas accepted on an international level and “sweeping in the world” (p. 348) have Anglo American roots, which he regards as representing a Western tradition and culture of management.



As argued above, this body of literature can be contrasted with other studies that focus on the behavior of organizations and professionals. These studies demonstrate that organizations and professionals seek to imitate each other and how they are largely affected by their peers' norms, which are mechanisms resulting in similarities among organizations of the same kind, i.e. within the same field, within countries and around the world. Following this literature, African auditors could be expected primarily to express a wish to adapt to the internationally outlined professional standards and imitate other audit organizations, and the auditors could be expected to take actions in line with this direction. Consequently, African state auditors could be expected to behave in a similar manner to that demonstrated in studies of organizations in Western countries. Both of the pictures given are unlikely to be accurate when tested on African auditors, but which theory is the most suitable for understanding how international audit standards are treated by African auditors, and out of which aspects? Are parts of one theory more relevant for understanding and analyzing their situation than others? Alternatively, could a combination of the two theories be most truthful for understanding public administration reforms in African countries, from the auditors' perspectives?

The aim of this thesis is to *contribute to an understanding of how African public auditors handle international public audit standards in relation to their context, by testing how the two theoretical approaches suit the empirical data collected in the study*. The aim is further to *analyze how and why African auditors respond to the international audit standards in the way the data collected shows*. In the study, context is understood from the two theoretical perspectives. Accordingly, it includes their organizational environment with standards and professional norms as well as their African environment, where it is argued that culture and capacity are important aspects of the context.

## Design of the study

Although theory testing approaches are commonly associated with quantitative studies (c.f. Merriam 1994), this is not agreed by all. For instance, De Vaus (2001) argues that in the social sciences, the empirical fieldwork in case studies should be guided highly theoretically: “Without having some idea of what we are looking for we will not know what we have found” (p.244). As the quotation illustrates, in order to be able to find and include all relevant aspects in the empirical context and make generalizations possible, theoretical guidance is significant for qualitative as well as quantitative studies (ibid). For this study, the character of the questions raised by the two bodies of literature, where the focus is on a deeper understanding of the complexity of the phenomenon, leads to choosing a few qualitative cases, rather than a larger *N* study (Merriam 2009).

In the study, three cases are selected strategically due to their relevance for the theoretical propositions, yet the study is not a comparative case study in the sense that various factors are singled out to explain similarities and differences in outcome (c.f. Lieberson 1992). The reasons for not conducting such study are firstly, the first case is very different in character from the other two. It consists of an arena where public auditors from African countries meet, while the two other cases are studies of individual state audit organizations in two countries in Sub-Saharan Africa. Secondly, focusing on explaining similarities and differences in public institutions in two different countries, with different historical legacies, would require a much deeper historical process-tracing analysis (c.f. George & Bennett 2005), which is not the ambition of the study. Having said this, using more than one single case reduces the risk of choosing a very particular case and instead enables the study to discover similarities and differences in the empirical data from the cases. Consequently, it will provide a more robust test of the theories (De Vaus 2001, p. 226-227).

Moreover, if several cases support the same theory, it increases the possibilities that the empirical results are also valid in other similar cases (Yin 2009).

The first case in the study is the *arenas*, where public auditors from African countries meet. The arenas constitute African regional groups in the standard making organization for state audit organizations (INTOSAI). These organizations have to administer the international standards in relation to their African member organizations, and the activities within the arenas could be expected to expose how the international standards are discussed and treated by participants from various African countries. Arena in the study is defined as organizations that: “produce and provide information and comparisons, report and propose initiatives for change and generally facilitate exchange of experiences, ideas, and ideals” (Sahlin-Andersson 2000, p. 100). The two African regional organizations that were used as arenas were the African Organization of Supreme Audit Institutions in English-speaking Africa (AFROSAI-E) and the African Organization of Supreme Audit Institutions (AFROSAI). The empirical study focuses on a number of activities and individuals within these organizations, as a consequence the study has a stronger focus on the sub-regional group, AFROSAI-E, since they performed a larger number of activities in the region.

The second and third cases in the study consist of studies of the state audit institutions, or more precisely, the Supreme Audit Institutions (SAIs) in Namibia and Botswana. Although the study of the arenas provides valuable information about the Sub-Saharan African context of public auditors, it is at the level of individual organizations that auditors actually have to handle their domestic circumstances in relation to the international standards. Within the individual SAI, they have to make adjustments to the standards so they will suit their local circumstances, alternatively promote their local unique audit models. Thus, in order to be able to capture how public auditors in Sub-Saharan Africa handle international audit standards, it was judged that a combination of country cases and a

study of the arenas would provide a rich and informative basis for the empirical study.

For the selection of SAIs in two countries, some criteria were central. The most important aspect was to provide a situation where the auditors could respond in accordance with both theories. Consequently, the auditors needed to be aware of the existence and the content of the international public audit standards. To enable the auditors to argue for adjustments to the standards to suit their local circumstances as well as defining what such adjustments would consist of, alternatively rejecting the use of international standards and instead promoting models more in line with their circumstances, the selected SAIs needed to have handled the standards to some extent in their organizations. By choosing countries that had been exposed to the standards would make it possible for the organizations to make a conscious choice between constructing their own unique solutions or following international audit standards as far as possible.

Another important aspect was to select countries that were not among the poorest. In accordance with the theory, as will be discussed in chapter two, the fact that many countries in Sub-Saharan Africa suffer from a lack of resources naturally affects their public institutions to a great extent. However, the more interesting part of the literature on public administrations in African countries is where scholars describe these organizations as fundamentally different from their Western equivalents, which implies that Western models suitable for Western public institutions are not suitable for countries in Sub-Saharan Africa. Thus, country cases were also selected on the grounds that it would be not only lack of resources that would influence the organizations to act in certain directions, since that would overshadow other aspects of how and why the standards are handled in various ways in the two organizations.

The SAI of Namibia and the SAI of Botswana are both members of the AFROSAI-E and during the study of the arenas it became apparent that these organizations had been exposed to international public audit standards through several regional events.

This made it likely that both SAIs would have reflected on the implementation of international standards and the extent to which the standards are appropriate in their countries; consequently, Namibia and Botswana were expected to be informative cases. Additionally, Namibia and Botswana are both regarded as middle-income countries: thus, although the lack of resources is also likely to affect the SAIs in these countries, in the selection of Sub-Saharan African countries they belong to the countries where the situation is likely to be better.

In addition, the countries are geographically adjacent to each other in Southern Africa, they differ to some extent in size but both countries have large deserts and populations of about the same size, around two million citizens. Likewise, Namibia and Botswana are placed roughly equal on the human development index and, in an African context, the two countries have rather low levels of corruption. Both countries use the Westminster system as their audit system and the two SAIs are about the same size with roughly 80 auditors working in the organization. By using country contexts, which to some extent are similar in levels of development, size and population, the reasons for similarities and differences in how their audit organizations handle the standards may be more comprehensible.

Naturally, Namibia and Botswana differ in several aspects, and a more detailed description of each country is given in chapters five and six. For the design discussion, it may be interesting to note that Botswana is regarded generally as a successful African country. Botswana was not a colony in the traditional sense, but constituted a British protectorate for a period between the end of the 19<sup>th</sup> century and 1966, when it became independent. Botswana is also recognized by scholars to be country with high levels of good governance (c.f. Acemoglu, Johnson & Robinson 2003). Namibia, on the other hand, has a history of oppressive colonial rule under the Germans, and later during its annexation by South Africa. Namibia became independent as late as 1990, after a long war for independence and with deep

conflicts along ethnic lines (Du Pisani 2010; Lindeke 1995; Melber 2010). However, it is difficult to predict how the above differences will affect how international public audit standards will be handled by public audit institutions today. Although it would be possible to argue that it is likely Botswana would implement the international audit standards to a large extent, due to its reputation of good governance, having a strong domestic government may just as well imply a limited interest in supporting a resilient audit office, monitoring the work of the government. As discussed above, the cases are chosen primarily because they are likely to be informative and interesting cases based on the two different theoretical approaches, accordingly two audit organizations within Sub-Saharan Africa have been selected that were judged to constitute such cases.

The methodology chosen in the three cases slightly differ among them. To create initially a broad picture of the Sub-Saharan African context for public auditors, multiple sources were used in the first case study of the arenas (Burgess 1984; Yin 2009). In the arenas, there were possibilities to conduct several days of observations at conferences, training courses and meetings, as well as to have more informal conversations with the auditors during coffee and lunch breaks. In addition, personal interviews were conducted and documents produced within the regional corporation were studied. These combined methodologies, carried out for the first case study provided a rich initial picture of the Sub-Saharan African public audit context.

At the two individual SAIs in Namibia and Botswana, personal interviews with the auditors were conducted and documents, to some extent, were studied. The choice of personal interviews was made because of the qualitative nature of the study: "Interviewing is necessary when we cannot observe behavior, feelings, or how people interpret the world around them" (Merriam 2009, p. 88). Hence, to be also able to capture the auditors' thoughts and possible feelings about the relationship between the standards and their local conditions, personal interviews were chosen as the main methodology in Namibia

and Botswana. The interviews conducted were semi-structured, which allowed for aspects within the theoretical approaches to be covered well, as well as being flexible enough to respond to and explore new aspects revealed during the interview situation (c.f. Merriam 2009). The reason for not continuing with a combination of methodologies, where observations would also be included, was due to the time constraints. The analytical framework for interpreting how the two audit institutions act in relation to what is described in the international standards was judged to provide sufficient information to test the two theoretical approaches empirically, at the level of individual organizations.<sup>3</sup>

## Chapter plan

The theoretical framework, on which the study is based, which was presented briefly in the first chapter, is developed further in chapter two. In that chapter, a historic overview of the introduction of various Western administrative structures in African societies is also provided, starting in colonial times until the era of reforms to achieve “good governance”. This historic background adds to the understanding of the normative character in the development literature as well as to its suggestions for creating unique African models or the importance of adjusting imported ones. In the second chapter, organizational theories of isomorphism, standards and standard-making organizations are also presented. Each section in the chapter ends with an outline of a theoretical proposition, which acts as a prediction for what the auditors may be expected to express and how they are expected to act, according to the two theories.

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<sup>3</sup> A more detailed discussion of the methodology in the study of the arenas is held in the beginning of chapter three, where the results from this study is presented. Similarly, a more detailed description of the methodology in the cases of the individual SAIs is provided at the end of chapter four. In addition, a list of all interviews and observations conducted, documents studied and interview guides used are found in the Appendix.

In the third chapter, the study of the arenas is presented. In the introduction to the third chapter, there is a detailed discussion of the methodology and the data collected in this part of the study. There is a more detailed discussion about audit and international public audit standards in chapter four, where the organization that issues the standards for Supreme Audit Institutions, INTOSAI, is also presented. The theoretical discussion of the character of audit and what is argued to be important features for state audit institutions in the international audit standards is operationalized into model of a Supreme Audit Institution, presented at the end of chapter four. The model is then used as an analytical framework for the case studies conducted in Namibia and Botswana. At the end of chapter four, there is also a methodological discussion of the case studies of the SAIs in Namibia and Botswana. The reason for chapters three and four being presented in this order is because the Supreme Audit Institution model was created as a theoretical framework for the SAI cases and was not used for the arena study. Consequently, it becomes more appropriate to present the framework in connection to the chapters presenting the results from the SAIs in Namibia and Botswana.

Chapters five and six start with country presentations, followed by presentations of the results integrated with a theoretical analysis. The seventh chapter gives an overall analysis of the main results in the study and a discussion with regards to the propositions outlined in chapter two. The eighth chapter summarizes the main results and discusses their implications for theory and practice, as well as providing suggestions for further research within the field.



## CHAPTER 2

# Development and Organizations

As presented in the previous chapter, in the literature on development<sup>4</sup> there is a widespread assumption that it is not possible or desirable to transfer organizational practices and ideas from industrialized, i.e. Western countries to African countries. This assumption also includes so called international ideas and practices since, due to the global asymmetric power balance, they generally represent Western standards and norms. According to scholars representing this view, African countries should primarily develop their own organizational models and frameworks, in line with their local traditions and their own local circumstances (e.g. Abrahamsen 2000; Abutudu 2001; Ake 1996; Dia 1996; Jones & Blunt 1993; Leonard 1987; Morrison-Knowles 2010; Zhang & Thomas 2009). If Western models were to be implemented in African countries, they would need to be adjusted and adapted to fit the local contexts in these countries (e.g. Diamond 2004; Grindle 1998a; Hettne 2009; Hyden 1983; 2006; World Bank 2005)

In another body of literature, a number of organizational scholars try to explain organizational behavior and why organizations commonly show similar characteristics (DiMaggio & Powell 1983; Deephouse 1996; Frumkin & Galaskiewicz 2004; Greenwood,

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<sup>4</sup> What is defined here as the “development approach” started as critique against mainstream development thinking, where Western societies represented modernization, and other countries would follow in their paths (c.f. Hettne 2009). This critique, I argue, now constitutes a dominant part of the literature, where the view of implementing Western models and structures without considering the local context is dissented by scholars as well as practitioners.

Suddaby & Hinings 2002; Haveman 1993; Kennedy & Fiss 2009; Meyer 2000; Meyer et al. 1997; Slack & Hinings 1994; Tolbert & Zucker 1983).

These scholars argue that the same kind of organizations, regardless of where they are located geographically, strive to imitate each other. Due to various mechanisms, organizations engaged in similar assignments will eventually end up harmonized in structure, policies as well as in practice. Organizational scholars claim that this behavior is valid for organizations worldwide, i.e. they do not differentiate developing or African countries from industrialized countries. However, the empirical studies on which they base their assumptions are conducted mainly in industrialized, i.e. Western, countries. Therefore, there is little knowledge of whether the theories are valid for public organizations in developing countries.

The two bodies of literature create different understandings of how public organizations in developing countries respond to foreign ideas and practices. According to organizational theorists, there should be no major differences in how organizations in developing countries handle foreign structures compared to organizations in various industrialized countries. In contrast, according to development scholars, public organizations in developing countries are facing a context so different that it would be difficult to implement foreign organizational models. In particular, it would be difficult to implement administrative structures and models that originated in Western countries. If there were an attempt to implement such models, major adjustments would have to be made to make them suit local circumstances in these contexts.

The aim with this chapter is to provide a review of the two bodies of literature, and to outline two propositions accordingly. The propositions are predictions for how we could expect the international audit standards to be handled by public auditors in an African context according to each theory. The chapter starts with a short overview of Western administrative reforms in African countries in modern history. Naturally, this overview is brief, and it is intended primarily to

create a background to understanding the context for the discussion of public administration reforms in African countries today.

## **Western administration structures in Africa**

Since the colonial period, there have been various efforts to introduce Western structures and models into African societies. During colonialism, the European colonizing powers introduced their governmental structures in their African colonies. The European public administration had its roots in the formation of state structures in Europe during the nineteenth century. The character of this administration is often referred to as a “Weberian bureaucracy”, due to its base in the professionalism of public officials and legalism in terms of how the public affairs are supposed to be handled. The difference between the structures established in Europe and the ones transferred to the colonies was the racist ideology and practice of the structures (Young 1994). Africans had to comply with European laws and administrative regulations, although they had no access to any rights as European citizens had. Within this direct rule, where European structures were established in the colonies, very few of the traditional African institutions were recognized (Mamdani 1996). In addition to direct rule, the colonial powers also exercised their control indirectly, through the use of existing traditional structures and through controlling the local chiefs. The two ways of ruling were often used in parallel, where indirect rule was common in rural areas and the direct rule was practiced in the larger towns and capitals (ibid).

A breaking point for the colonial administrations was the Second World War, where Africans participated on the side of their colonial powers. After the war, there was no possibility of returning to the conditions before the war, since Africans had made significant contributions to the war and their expectations had changed. Nationalist movements started to grow and they demanded

expanded rights as well as independence. Accordingly, the colonial powers began to increase the rights for Africans in their colonies. For instance, the British established ways enabling educated Africans to work in the central and local administrations as well as extending their possibilities to education (Young 1994 p. 182-186). Although there was a change of attitudes among the colonizing powers after the war, naturally the gradual expansion of rights was not only due to the generosity of the colonial powers, but also a result of struggle and resistance from the African people.

Although a significant amount of aid projects had been carried out by voluntary organizations, mainly churches, and by governments throughout the colonial period, the period after the Second World War is generally regarded as the starting point for larger amounts of aid to the developing countries (Riddell 2007 p. 24-29). Taking inspiration from the Marshall plan, and how well it proved to work in Europe, the aim was to create the same success in the developing world.<sup>5</sup> The main focus of the Marshall plan in Europe was infrastructure, which also became a large part of the development programs in African countries. In addition to infrastructural programs, technical assistance programs to strengthen the capacity of institutions in the developing countries also characterized the first period of aid (*ibid.*). At that time, the predominant idea was that administrative state structures in African countries could be developed mainly by transferring and replicating models from industrialized, i.e. Western, countries. No account was taken of possible specific characteristic in the African context; instead, what had been proven to be successful in Western countries was assumed to have the same effect in these countries (Hyden 2006; Turner & Hulme 1997).<sup>6</sup>

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<sup>5</sup> The Marshall plan was an initiative from the US secretary of State, George Marshall, who in 1948 held a speech in which he presented his very ambitious plan of aid for the reconstruction of Europe after World War II (Riddell 2007, p. 24) .

<sup>6</sup> See also Messick (1999) for a discussion of similar efforts to transfer juridical models from the United States to developing countries.

After several African countries had become independent, during a short period in the 1970s, there was an attempt to reform the governmental administrations in African countries into development administrations. The character of the colonial administration had been a stiff and bureaucratic organization and in the 1970s this kind of organizational structure was considered to have difficulties in handling the new challenges of development after independence. The new development administration was supposed to be more flexible and more like an entrepreneur in the role of developing society (Hyden 1983 p. 76).

The new development administration approach did not last very long. Nor was it possible to return to the old bureaucratic structures, even if there were African public officials who argued for the advantages of a more “Weberian” bureaucratic structure. Since these structures were considered to represent the old colonial system, such voices were ignored in general. Hyden (1983) argues that this period created room for new patrimonial structures to be established, where public officials did not separate private from public and where the reliance was on informal relationships instead of formal institutions ( p. 75-79, 2006 p. 65-66, see also Young 1994 p. 290-292). Others argue that this parallel system, where informal rules override formal structures, was already established at the beginning of the colonial period. Since the public administration represented a Western colonial system, the loyalty of African public officials was directed instead towards informal networks, in terms of family ties or tribe affiliation. This created a situation with two structures existing in parallel (Ekeh 1975), which continued to exist even after independence. Even though new informal rules and networks based on new loyalties, were then created (Bratton & Van de Walle 1997).

## **Structural adjustment programs**

Due to the deep economic crisis in many African countries during the late 1970s and 1980s, the international community encouraged the introduction of economic reforms, in terms of structural adjustment programs, in several African countries. These economic reforms were defined and created by the International Monetary Fund (IMF) and the World Bank and in brief, they implied demands for a diminished state and public administration, as well as a more limited state regulation of markets (Van de Walle 2001). Similar reforms had been implemented with the results expected in Latin America and Asia and thus, it was thought that the programs would have the same effects in Africa (Hyden 2006).

The adjustment programs did not turn out well in the African countries. Their effects were viewed by critics as increasing poverty and harsher living conditions for many Africans (Abrahamsen 2000). However, the IMF and the World Bank defended their programs, claiming that failure and negative effects was not a fair description of the programs, since the adjustment programs were never fully implemented in many of the countries (Van de Walle 2001). The critics claim that the structural adjustment programs were not the appropriate solutions for economic problems in Africa. For example, it was argued that they made the markets more inflexible due to the decreased ability of the state to use economic instruments.

Furthermore, it was argued that it was not an over-dimensioned public administration in Africa that was the problem; rather its lack of efficiency (Van de Walle 2001). Thus, despite the success of the programs in other regions, the criticism emphasized that these programs failed to a large extent to take the specific features of African societies into account (Olowu 2003; Hyden 2006; Van de Walle 2001). In the words of Hyden (2006):

Structural adjustment packages were often quite rigid and even though they may have worked in Latin America or Asian economies, the structural conditions in Africa are sufficiently different that it is necessary to consider the problem of design of these policies.

(Hyden 2006 p. 131)

Hence, as illustrated by the quotation by Goran Hyden, the failure to take the context into consideration contributed to the failure of the reforms, regardless of the degree of implementation.

## **Good governance**

Poor governance became the international community's explanation for the failure, or lack of implementation, of the structural adjustment programs (Van de Walle 2001). For actors like the World Bank, poor governance soon became an explanation for the overall weak development in the African countries as well: "Even more fundamental in many countries is the deteriorating quality of government, pervasive rent seeking, weak juridical systems, and arbitrary decision-making" (World Bank 1989 p. 3). The solution became to increase capacity and improve quality in the public administrations. Although the importance of governance was brought up the World Bank report in 1989, it was not until the late 1990s that the international community started to focus more heavily on the importance of good governance. Evans and Rauch (1999) state that the bank's World Development Report in 1997 constituted a change in the view of development. Now, the importance of the state and the administration was much more in focus in the development discourse. The World Bank (1997) expresses its view as follows:

Over time, even the smallest increases in the capability of the state have been shown to make a vast difference to the quality of people's lives, not least because reforms tend to produce their own virtuous circles. Small improvements in the state's effectiveness lead to higher standards of living, in turn paving the way for more reforms and future development.

(World Bank 1997 p. 15)

The way good government is described and measured, in terms of improvements in the public sector, resembles much of the bureaucratic systems in Western countries. Good government is characterized by meritocratic recruitment (Evans & Rauch 1999), professionalism (World Bank 1997) as well as efficiency and effectiveness (Grindle 1998b), which is usually how the traditional Western bureaucracy is also described.

One way of realizing good governance in developing countries has been through various capacity building programs in the public sector. In donor countries, several public authorities have development cooperation programs with their counterparts in African countries. Swedish authorities undertaking such programs are for instance, the Swedish Tax Agency, Statistics Sweden and as the Swedish National Audit Office. The idea is not just to increase the capacity through technical solutions and an increase of resources. Rather the focus is on the transfer of knowledge and practices between the authorities.

One could argue that these administrative reform efforts and capacity building programs are similar to the efforts made to introduce Western structures throughout history (c.f. Abrahamsen 2000). However, there is now a change in the discourse, and the idea that structures and practices need to be adjusted to suit the prevailing local circumstances is emerging. In reports from the World Bank, they claim that if good governance is to be realized, it has to be built on local traditions and be adjusted to the prevailing circumstances in the country (World Bank 1989; 2005). This approach is also mirrored in the donor community, through their increased focus on partnership and ownership. In the 2005 Paris Declaration, the donor community



agreed upon terms for increased aid effectiveness. In the declaration, ownership and alignment were recognized as principle concepts upon which development aid should be built (OECD 2005). According to the declaration, ownership should be understood as leadership and it is emphasized that leadership of developments programs should be taken by the partner countries. The programs should be incorporated into their national plans, and the partner countries should coordinate them between different donors. Furthermore, all projects should be aligned to the national institutions and practices, i.e. development programs should be based on the countries' own views of development, and follow those directions (OECD 2005; see also Sida 2005).

Despite the attention to ownership, alignment and adjustments to local circumstances, critics claim that the international community is still only interested in introducing its own ideas of what constitutes good government. Abrahamsen (2000) expresses it as follows: "On the face of it, these suggestions are very seductive and almost common-sensical. The expressed desire to build on a society's own values rather than imported ones, would today be endorsed by both the political left and right" (p. 49). In Abrahamsen's (2000) critique, she claims that this approach is problematic since it decouples the new agenda from earlier efforts to introduce foreign structures in African societies. She argues that the international community believes that it now has discovered "the real solution to Africa's problems", and despite previous mistakes, it continues to claim the "moral right" of developing the African societies. Furthermore, Abrahamsen (2000) argues that the good government imperative is problematic since its model, the Weberian bureaucracy, is "alien to Africa" and that attempts to implement such models "delegitimizes state-led development" (p. 49). Other scholars are perhaps more nuanced saying that reforms to improve the public institutions are necessary for development in African societies. However, despite their positive view of these reforms, they also focus on the necessity of taking the context into consideration and adjusting the reforms to the

local circumstances (e.g. Hyden 2006; Diamond 2004; Grindle 1998a; Olowu 2003). For instance, Diamond (2004) stresses that for reforms to succeed there is a need for “home-grown” initiatives (p. 279). Moreover, he argues that coercive pressure on developing countries to adopt certain policies and practices will not be sustainable. Instead, he emphasizes that, to create long-term sustainable reforms, it is important for the country itself to create, “a package of reforms that is unique to and owned by the country” (ibid).

In sum, when public administration reforms in African countries are discussed, many scholars within the development literature draw the same conclusions, i.e. that it is not possible or desirable for organizations in developing countries to converge on the same practices that are used in Western countries. If they were to borrow models, these models would have to be adjusted to the prevailing specific context in their countries. To support this conclusion, various arguments of differing character are used in the literature. The arguments are often mixed and combined within the same discussion, but to clarify why scholars and practitioners in the field draw this conclusion, I have separated the arguments into different categories.

### **Avoiding imperialism – each society should develop on its own terms**

A first argument for why foreign or Western structures should not be implemented in African countries rests on the idea that each society should determine its own development. This argumentation is primarily moral, and constitutes a general critique against the concepts of development and modernization. The claim to moral superiority from Western countries on the African continent in particular has a long history. Ekeh (1975) asks: “What were the ideologies invoked by the colonizers to legitimate their rule of

Africa?” (p. 97) and he focuses in his explanation on how missionaries claimed their moral superiority over Africans. The missionaries claimed to be saving Africans from their ancestor worship, as well as from the rest of their past and their culture. Africans were supposed to forget about their past and instead openly, in the words of Ekeh (1975): “embrace the present in the new symbolisms of Christianity and Western Culture”. Modernization is regarded here as a part of the Western worldwide cultural hegemony, where being modern implies resembling Western countries (e.g. Hettne 2009; Ake 1996; Abrahamsen 2000). As a consequence, modernization in terms of what Western countries define as good government, or other reforms, are viewed as ways of imposing Western lifestyles on other societies. Ake (1996) describes this argument illustratively:

Without exception, modernization theory used an evolutionary schema that regarded the ideal characteristics of the West as the end of social evolution ... When modernization theory came in conflict with the divergent social structures in the third world, the modernization theorists talked simply of making the structures of the backward country identical to Western ones. When the theorists encountered cultural resistance, they proclaimed the need for the modernization of attitudes.

(Ake 1996 p. 10)

Here, it is claimed that there is no fundamental difference in attitudes towards African societies during colonialism and how good government and modernization of these countries are discussed within the international community today. In addition, critics of development aid claim that the underlying rationalities of aid have not really changed from the colonial idea of modernizing “uncivil” societies. Despite the ideas of ownership, partnership and adjustments to local circumstances, it is argued that ideas of development aid today are the same as they were during colonialism, i.e. there is one type of progress; African societies should be more like Western ones (Abrahamsen 2000; Hasselskog 2009).

Likewise, structural adjustment programs have been criticized on moral terms. Abrahamsen (2000) argues that even if we don't know how the economic conditions would have turned out without these economic reforms, the programs were problematic since international actors interfered in national domestic politics. The use of these programs thus undermined the legitimacy of national politicians. In a similar vein, Hyden (2006) claims that one problem with the structural adjustments programs was the foreignness per se: "Although these reforms could be convincingly defended on economic grounds, they were politically painful, especially on a continent where the perception of national sovereignty was so highly valued because of its colonial experience" (p. 129).

The moral aspects of the relationship between West and the rest of the world are well developed within postcolonial theory. For postcolonial scholars, the worldwide dominance of the West, which was created during the colonial period, is still highly relevant within economic structures, politics and culture in our contemporary world (Young 2001). The influential postcolonial scholar Edward Said argues that this dominance is founded on the way Western societies control the production of knowledge and thereby have succeeded to claim their superiority over other people, making other cultures, traditions and structures constitute "the other" (Said 1978). The creation of the "other" and the West's own claimed superiority within post colonialism is argued to have justified the West's worldwide cultural, political and economic hegemony and its various interventions in other countries, such as the colonial projects and more recent welfare or modernization interventions, as discussed above (Young 2001).

### **It has been proven not to work ...**

Irrespective of whether the introduction of Western structures in developing countries is regarded as morally justified or not, scholars

argue that external reforms that have been introduced have been proven not to function in African societies (e.g. Brinkerhoff & Morgan 2010; Grindle 1998a). A significant example of such failed external administrative reform is the so-called “law and development movement”. This was an effort in the 1960s by large donor agencies in the United States to reform the formal juridical institutions in developing countries, which after a few years were recognized to have failed. Among various explanations, scholars argue that the most important aspect for understanding the failure of these programs was the unrealistic underlying belief that legal frameworks, as they had developed in the United States, could be transferred and work in these very different contexts (Messick 1999).

The programs within the law and development movement are not the only failed administrative reforms in African countries. In an evaluation capacity building projects in the public sector, financed by the World Bank between 1994 and 2004, the outcome and institutional development impacts of these projects were significantly lower in African countries than in other regions of the world (World Bank 2005). The World Bank report states that this failure to succeed with capacity building projects in Africa is due to the failure to design projects so they are compatible with the conditions in the countries (ibid). The same line of thought is articulated by Grindle (1998b) when she argues that many failed reforms in the public sector in African countries could be explained as a consequence of not giving the local conditions enough consideration. She summarizes the lessons of experience as follows: “analyses and prescriptions for reform must be attuned to the unique character of economic, political and social conditions” (p. 10).

If the first argument is of moral character, this view represents a more pragmatic view of development in African countries. The failure of public sector reforms, regardless of whether it is right or wrong to transfer foreign structures to African countries, indicates that these foreign models and the local circumstances in Africa are not compatible. Accordingly, the reforms have to be adjusted so they

will better fit the local contexts, or reforms have to be built on the domestic traditional institutions already existing in the country (Dia 1996). Primarily, two different kinds of reasons for why Western administrative structures are not compatible with an African context are provided in the literature; one line of argument focuses on resources and the other on political and administrative culture. The main focus for this study however is on the latter argument, since these normative statements about the features of African public administrations demonstrates them as being so fundamentally different from their Western equivalences that reforms needs to be significantly different in order to be sustainable in the context. If this argument is proved to be accurate, it will have significant implications; the development theory advancing this argument would be more empirically grounded and the organizational theory would be shown to be “West-centric” and not appropriate for an African context. Although recognizing how public institutions in African countries are different to the Western public sector due to lack of resources and lack of capacity may be significant, it provides fewer theoretical implications, however. This study was also designed to limit explanations for how audit institutions act so they would be onlyrelated to resources. Yet, this aspect still constitutes a part of the literature, and thus it deserves to be discussed in the literature review.

### **... due to lack of capacity**

When discussing the general socio-economic context in Africa specific arguments, relating to the lack of capacity, are common explanations for failed reforms. Due to the discriminatory colonial structures, there were a limited number of highly educated African citizens at the time of independence. Ake (1996) argues that the lack of such human resources contributed to the Western driven development agenda in African countries. At independence, there were simply not enough domestic resources in terms of universities, human resources, or Africans with higher education, such as

economists, for them to develop their own agendas. This made the African countries after independence dependent on the old colonial powers for these types of resources (p. 19).

Although levels of education have increased, low salaries in the public sector in comparison with private companies, as well as attractive positions abroad have resulted in a continuous lack of human capacity in the African public sector. Well-educated and qualified public officials leave their positions in the public sector for better jobs elsewhere, which is a well-recognized problem in several African countries (Hilderbrand & Grindle 1998; Klitgaard 1989; Olowu 1999). In trying to paint a slightly more positive picture of development in African countries, Gyimah-Boadi (2004) claims that there has been an improvement in the quality of governance. However, he adds that one reason why improvements have not been greater is due to a lack of capacity: "It is also true that Africa's new legislature remain deficient in physical infrastructure and basic equipment, as well as technocratic and analytical capabilities" (p. 10). Foreign organizational models often imply a surrounding context including certain levels of infrastructure, technologies or maintenance of the investments made. Such complementary capacities have frequently turned out to be lacking or too expensive to maintain in developing countries. Therefore, these kinds of changes have been difficult to sustain in these societies. Thus, when using models from industrialized countries they have to be adapted to weaker administrations, where the number of qualified officials as well as the technological capacity is much lower (Turner & Hulme 1997). When the World Bank discusses how to consider the context in capacity building projects, they mainly refer to these kinds of features. Although they state that underlying cultural norms impact the implementation of reforms, when examining the failure in African countries they argue that insufficient training and wrongly designed training programs as well as gaps in the levels of education and levels of technologies are the main reasons for the failure of the reforms (World Bank 2005).

Still, lack of resources may be used as official reasons for failed implementations. Mavima and Chackarian (2002) argue that this was the case in their study of a civil service reform introduced by the Zimbabwean government in 1991. The official explanation, presented by senior civil servants, for why the reform had failed focused on issues such as the lack of finances and lack of personnel resources. However, when they interviewed more junior officials, the authors received a different picture of the implementation failure; i.e. the reform failed due to centralized power structures and corrupt networks.

### **...or due to specific features in the African political and administrative culture**

The last line of argument for why Western administrative structures are to be regarded as incompatible with African contexts relates to what scholars claim are specific features of African societies and its politics and administration. In this strand of the literature, it is argued that African societies are different from Western ones to such an extent that bureaucratic structures that are created to suit Western countries will not work in an African context. Evidently, the aim here is not to give a full description of African societies, but rather to discuss what in the literature is referred to as specific features, which have large consequences for politics and administration in contemporary Africa. Discussing societies' "typical features" may be problematic, it could become dogmatic as well as prejudiced, there is of course a width of variety. Likewise, these features are not to be regarded as static, as Bayart (2009) puts it nicely: "This is not to say that this form of 'governmentality' belongs to a traditional culture whose contours cannot possibly be avoided, nor that it avoids the critique of a growing number of African citizens" (p.



268).<sup>7</sup> These characteristics however constitute a major part of the explanations in the literature for why it is not possible to transfer and implement Western administrative structures in African countries. I am aware of the extensive literature in the area, describing features such as patronage, neopatrimonialism, clientelism, its causes and consequences on African societies. The aim here is not to dig deeply into each of them, but rather to illustrate the core features.

Scholars argue that African politics and administration are based on informal rules and particularistic networks, which are more important than formal rules and regulations (e.g. Ake 1996; Bratton & Van de Walle 1997; Hyden 2006; Van de Walle 2001). Hyden (2008) expresses it the following way:

[Characteristic for African politics is] the tendency to rely on informal rather than formal institutions. In societies where face to face relations and primary forms of reciprocity prevail, there is no need for external rules and impersonal authorities to enforce social action ... The abstract nature of the system underlying the ideal of a rational-legal type of bureaucracy is ignored in favor of the local-specific pressures and interests associated with individual communities.

(Hyden 2006 p. 56)

As the quotation by Hyden illustrates, at the expense of formal institutions, informal particularistic networks are claimed to have a large influence on the way African bureaucracies operate, i.e. how decisions are made, contracting of projects, recruitment and career possibilities in the public sector, to mention a few common examples. These informal networks are commonly organized in so called patrimonial structures. The term patrimonialism derives from Weber's description and analyses of what he categorized as authoritarian rule in more traditional societies, where rule was highly personalized and organized around one ruler and his kinship and where there was no separation between public and private (Weber (1922) 1978

<sup>7</sup> See also De Sardan (1999) who, despite explaining corruption as being embedded in social norms in the African society, also explicitly wants to avoid his argument as being cultural deterministic.

p. 1010-1031). In contemporary Africa, it is argued that patrimonial structures have taken a new shape, where African countries and their public institutions have modern façades, i.e. Weberian legal-rational administrations based on impersonal rule and regulations, but in reality, they still operate under an internal patrimonial logic. This specific nature of the state has led many scholars to describe the African state and administration as neopatrimonial (e.g. Bratton & Van de Walle 1997; Diamond 2010; Van de Walle 2004).

Patrimonial structures in Africa are regarded as organized through ethnicity, kinship or lineage, primarily around a “big man”. Bayart (1999) argues that although it first may appear as such, ethnicity is rarely the social fabric in these networks, instead he claims that these “shadow structures” of state are organized in kinship groups that are not based on particular ethnicities, but rather on notions of trust (p. 39-40). Le Vine (1980) describes kinship in African patrimonial systems in a similar way:

If patriarchy is the commonwealth of biological kinship, patrimonialism grants fictive kinship to those whose ties with the head of the household may be based on other than biological or family liaisons – for example, contract, alliance, coercion, or titular service.

(Le Vine 1980, p. 658)

Patrimonial systems are highly unequal and the rules are highly personalized around, what in the quotation by Le Vine (1980) above is described as the “head of the household”, more commonly known as the “big man”. People in these societies who are not included within these networks may not expect any rights or any privileges, and the persons included in the network are highly dependent on the benevolence of the “big man” (Bratton & Van de Walle 1997, p. 62). Bayart (2009) suggests that these networks ought to be understood as political and economic power relations that are products of, as well as producing, inequality: “However, the strategies of heads of networks resemble the capture, accumulation and partial redistribution of

wealth” (p. 228). The struggle for power and wealth between various kinship groups and “big men” has given rise to expressions describing African politics as the “Politics of the Belly” (Bayart 2009) or “It is our turn to eat” (Wrong 2009), illustrating the principle of how access to power entitles and obliges giving privileges and making the kinship richer.

So called “big men” exist in various positions within the African political system, and the relationship to those included in their personal network is often described as a patron – client relationship, where patrons give favors to their clients in return for unconditional loyalty, such as political mobilization and support. Within public administration, patronage favors might comprise public sector employment, contracts, licenses or distribution of other public resources (Bratton & Van de Walle 1997; Diamond 2010; Jackson & Rosberg 1984; Sandbrook 1986). Patronage networks in general are interlinked, where the patron in one relationship may become the client in another and so on, and this fills the African public sector with personal loyalties and informal relationships distributing favors (Sandbrook 1984, p. 324). Frequently, the high tendency for strong Presidents in African countries is regarded as representing this centralized personal rule of “big men”, where the President becomes the “biggest big man”(Diamond 2010, p. 54) and where the kinship of the presidency will distribute state resources to their clients, in return for continued political support.

The dominance of a presidency and of single strong parties in many African countries has allowed political elites to perpetuate their influential control of the system, leading to continuous strengthening of these patronage networks (Lewis 2010). Although several scholars claim that these are typical features of African politics, which has led to economic stagnation, lack of development and redistribution of public goods turning them into private goods in many African countries (c.f. Diamond 2010; Sandbrook 1984; Van De Walle 2004), others argue that these are not specific African characteristic but features that exist and have existed in many political systems

throughout history (e.g. Szeftel 1998). Instead, the reason why the effects of these structures are so devastating for African countries is to be understood as being due to their general underdevelopment and lack of individual opportunities outside these structures (Szeftel 1998). Regardless of the extent to which similar structures may exist in different parts of the world, these informal patrimonial networks constitute powerful structures for how the African state operates, where positions within public institutions are not held solely by individual officials but instead by kinship groups (Ake 1996). This has given rise to names for the African state such as the “shadow state” (Reno 1995) or the “rhizome state” (Bayart 2009), implying that real politics and decisions are made by a myriad of informal networks, in the shadow of the formal institutions.

It is argued by some scholars that the features of informality and reciprocal networks described above have long historic roots in African societies and are a part of the African political and societal culture (e.g. Ekeh 1975; Le Vine 1980; Mbire-Barungi 2001). Le Vine (1980) argues for instance that the more traditional patrimonial structures existing in traditional African societies have been merely adapted to the more modern structures of society, where traditional chiefs have been translated into modern politicians. Yet, a significant difference between traditional patrimonial systems and the modern, neopatrimonial, versions, noted by Le Vine (1980), is that traditional African patrimonial systems were less personalized in terms of the exercise of power and within the traditional systems, there were limitations and constraints for the rulers built in. In a similar vein, Ekeh (1975) discusses the double nature of African public institutions as one *primordial public* and one *civic public*. The primordial public is founded on networks existing before the colonial period, and to which public officials demonstrate their true loyalty. The civic public, on the other hand, consists of the contemporary state and its resources, to which there is little loyalty among public officials. The civic public is regarded rather as a source to exploit: “The unwritten law of the dialectics is that it is legitimate to rob the civic public in order to

strengthen the primordial public” (Ekeh 1975, p. 108). Ekeh (1975) emphasizes that the commitments toward the primordial public are not merely economic, it contains deeper moral obligations and members of the primordial public are expected to give generously to the group without necessarily receiving any material benefits in return. Here, public officials in African bureaucracies are described as being caught between two different logics, where the organization’s formal structures have Western, Weberian features, while the way operations are expected to proceed is expected to follow African norms, in terms of informality and loyalty towards particular networks (De Sardan 1999). Thus, although many scholars argue that the powerful structures of informality are problematic, others claim that informal reciprocal networks should not be regarded as a problem, which African countries can or should overcome, their importance is much greater and they may be regarded as being typically African (Mbire-Barungi 2001; Peterson 1998).

Another understanding, rather than being deeply rooted in African societies, is to explain the importance of informality and personal rule on behalf of the more impersonal, formal rule of law, in terms of the historic legacies of colonialism and the European influence in Africa. Mamdani (1996) illustrates how Europeans when they arrived on the African continent, ignored complex traditional systems in which chiefs and kings governed and which contained sophisticated procedures for restricting the power of the rulers. Instead the colonial powers selected ordinary members in the societies to become administrative chiefs, superior to the traditional, hereditary rulers. These new administrative chiefs held extensive powers over their societies:

Every moment of power – legislative, executive, juridical, and administrative – is combined in this one official. Here there is no question of any internal check and balance on the exercise of authority, let alone a check that is popular and democratic.

(Mamdani 1996, p. 54)

This created tensions within colonial societies between the administrative authority and the rest of the kin groups and as Mamdani (1996) argues, such all-encompassing authority merged into to one public position inevitably leads to abuse. For instance, administrative chiefs often increased taxes heavily for their personal enrichment, and people unable to pay their taxes were exploited to work on the chiefs' personal farms, or their land was simply confiscated (Mamdani 1996, p. 56-57). These administrative chiefs gained the positions of what eventually became to be the so-called "big men", and their patronage networks developed and grew into the contemporary political systems (Fukuyama 2011, p. 69). Migdal (1988) further adds to these explanations of strong societal networks in weak African states by stressing that the changed economic and infrastructural conditions the Europeans brought, also profoundly changed the societal structures in African societies. New possibilities were created for new groups in these societies to become influential traders with the Europeans and their strong positions and networks created a situation with fragmented social control. As Migdal (1988) argues, as long as these "big men" provide sustainable survival strategies for those included in their networks there is little reason today for people in these states to change their strategies. Thus, the states' capabilities to replace such structures with state institutions and political support for the state will continue to remain limited (p. 210).

This is naturally a simplified picture of the relationship between the colonial powers and African societies; the variation in the influence the colonial powers exerted on African societies was large. Herbst (2000) argues for instance that in many colonies the colonial administrations were not in touch with the African societies to any great extent. The vastness of the geographical areas and difficulties in physically travelling into many of the areas and thereby controlling the land, left many territorial areas and societies established in those areas inaccessible to colonial control and influence. Herbst (2000) however emphasizes that underlining the colonial powers' limitations does not deny the brutal violence by which they ruled, a brutality

that may be understood as a consequence of their lack of control (p. 90-92). A fundamental consequence of colonialism in Africa was the establishment of states with geographical boundaries. Traditional societies in Africa were not divided into given geographical areas, rather people and tribes gave their loyalty to certain rulers and the land was owned in common (Mamdani 1996; Herbst 2000; Hyden 2006). This may be regarded as a natural consequence of the geographical situation in Africa where there were vast areas of land with limited populations. This situation was in great contrast to Europe, where limited land availability due to higher population densities created a situation where geographical boundaries and land property rights became central features of the societies (Herbst 2000). At the Berlin conference, in 1885, when the colonial powers decided on how the African continent would be divided amongst them, the Europeans created geographical boundaries for African states, which were accordingly extremely artificial to the traditional African societies (Young 1994).

It is argued that artificial geographical boundaries, and the violent and racist means by which the African states were created by external actors, are one of the roots of the explanation for why the state in so many African countries is considered to be very weak and malfunctioning (e.g. Englebert 2009; Mamdani 1996; Herbst 2000; Young 1994). For instance, Englebert (2009) suggests that the main reason for state failures in Africa is due to their lack of domestic legitimacy, which in turn derives from the externally imposed nature of the state. He claims that African state sovereignty does not derive from domestic acknowledgment or from a social contract between the citizens and the state. Instead, the legitimacy of African states is only based on international recognition, and consequently their citizens offer little support and loyalty towards them (ibid).

In the section above, specific features of contemporary African politics and administration as well as their historic legacy have been discussed. This specific political culture and history leads many scholars to draw the same conclusion as Bayart (2009), who

claims that African societies have a specific history that makes their institutions work differently than in other societies and that it would be wrong to believe that concepts and ideas would be understood in the same way in these societies as they are in another context, due to this specific historic legacy (p. 268-271). Since the Western models do not reflect the basic values of African societies, there will be little loyalty and legitimacy for them (Ayittey 2006; Carlsson 1998; Englebert 2009). In a similar vein, Leonard (1987)<sup>8</sup> claims that due to the social realities in African societies, it would be naïve to believe that Western administrative practices could be transferred to this context: “A great deal of thought and experiment is needed to help us find administrative reforms that flow with rather than against the logic of African social reality (Leonard 1987, p. 908; see also Dia 1996).

To conclude, in this first part of the chapter, the development literature has been reviewed, and the arguments used in the literature as reasons for why it is to be regarded as problematic to introduce and implement Western, or international, structures in African countries have been outlined and discussed. As illustrated in the literature review, these arguments have a moral as well as a more pragmatic character and although they were separated in this discussion, they are commonly applied in combination. As previously argued, these arguments have led many scholars to draw the conclusion that in order to make the administrative practices of the state institutions work, they primarily have to be compatible with and legitimate in the local African political and socio-economic contexts. Preferably, the administrative structures and practices should be domestic solutions built on traditional institutions and, if foreign models were to be used, they would in general need large adjustments to suit the local circumstances. In accordance with the arguments in this body

<sup>8</sup> Similar to this study, Leonard (1987) argues that there are organizational theorists and, what he labels, environmentalists who study the African bureaucracies from different perspectives. Although Leonard argues that organizational theorists propose that it is possible to introduce Western models in African countries, there is no discussion or analysis of how and why organizational theory would propose such ideas. Likewise, there is little discussion of what in the African societies would resist such an introduction, and there is no empirical study from which he draws his conclusions.



of literature, the following proposition for how African auditors would respond to international public audit standards is outlined as proposition 1:

*Auditors in African countries could be expected to express the importance of conducting audits in line with the circumstances in their local context, and they would primarily seek legitimacy within their local context. If they attempted to implement international audit standards, the African auditors would express the difficulties of introducing such foreign models. Most likely, major adjustments would have to be made to make the standards suit the local environment of the African Supreme Audit Institutions.*

## The behaviour of organizations -and why they commonly show similar features

As discussed in chapter one, in research on organizations the new institutional approach has provided various explanations for organizational behavior. Unlike earlier theories of organizations, this approach has focused primarily on cultural cognitive aspects of organizations, instead of technical aspects and resources, to explain how organizations act. Within this field of research, one strand of the literature has focused on explaining why organizations show such similar characteristics to such a large extent. The work of the two sociologists, DiMaggio and Powell (1983), within this tradition has become very influential. The main reason for using this particular strand of the literature within organizational research is that it provides a significantly different picture for how public officials in African countries could respond to foreign ideas and practices than presented in the development literature, which could then become a fruitful counterpoint for investigation and analysis. While the development literature has focused mainly on coercive mechanisms for understanding how administrative reforms have been introduced in African countries, the organizational research tradition presented here also includes other aspects, such as norms and imitation, as important explanations for why organizations act in certain directions, aspects that are discussed to a lesser extent within the development literature.<sup>9</sup>

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<sup>9</sup> Bayart (2009) does argue that Africans import and sometimes mimic Western ideas, however when he discusses the state and administration in Africa he explicitly states that the nature of the state in Africa is so different that is it not comparable with the Western Weberian model. Additionally, he claims that Western and African institutions may appear similar on the surface but act very differently in practice (p. 27, 243-270). Likewise, some development scholars (e.g. Ekeh 1975; Englebert 2000; Young 2001) argue that elites in African societies imitate Western behavior, mainly because they have been educated in Western countries. Nonetheless, this is regarded as the behavior for a small exclusive group, which does not influence African public institutions to any great extent.

In their article, DiMaggio and Powell (1983) question the, at the time, mainstream organizational theory, which mainly focused on explaining differences in structure and practice among organizations. Since empirical investigations also proved significant similarities among organizations, they started to focus on mechanisms driving such homogenization. DiMaggio and Powell (1983) claim that although various structures and practices may exist among organizations when they are established, organizations in the same category, i.e. within the same organizational field, will become eventually very similar in structure and practice. The organizations' desire to be legitimate within their institutional environment is argued, within this literature, to be the main mechanism driving homogenization among them. In their analysis, DiMaggio and Powell (1983) identify three different kinds of institutional homogenizing, i.e. isomorphic, forces: a *coercive*, a *mimetic* and a *normative* pressure.

Coercive isomorphism is defined as pressure imposed on organizations, for instance binding regulation issued by the government. Since organizations within the same field often are subject to the same laws and regulations, coercive isomorphism will consequently lead to the same structures within the same kind of organizations. Likewise, resources may be regarded as a coercive pressure, where organizations adopt certain structures in order to attain crucial resources. In the discussion on coercive mechanisms, DiMaggio and Powell (1983) mainly refer to the national context where coercive rules and regulation are issued, as well as the cultural context within the country that leads organizations to adopt structures and practices that are connected to resources. However, coercive pressures may also be found on an international level. In a study into how ISO 9000 Quality Certificates were spread and adopted in organizations around the world, Guler, Guillén and Muir Macpherson

(2002) argue that it was mainly a process of coercive pressures.<sup>10</sup> They argue that adoption of the ISO 9000 Quality Certificates was important for the organizations' opportunities to make trade agreements, and as a consequence retain crucial resources. Hence, adoption of international standards may be a result of coercive pressures if the standards are linked to critical resources for the organization.

There is however an important difference between their study and this thesis. Here national state audit institutions are in focus, and although they are involved in an international context, their main activities are directed towards public sector organizations in their country, and their main stakeholders are found at the national level. In addition, being a national public sector organization, they obtain their funding from their government, and they are also required to follow national rules and regulation. This may be compared to the international public audit standards, whose observance is voluntary and where there are no resources or sanctions connected to the standards. Moreover, the international professional organization (INTOSAI) that issues the standards states that observance of the standards is voluntary and that each state audit institution should adjust them to their national context and the national prevailing rules and regulations.<sup>11</sup> Against this background, I argue that although coercive isomorphism has been proven to influence organizational behavior, it is not the main mechanism within this study. Accordingly, the following sections will focus on how isomorphic mechanisms lead organizations to adapt to structures and practices without coercive pressures.

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<sup>10</sup> Quality certifications are used for guaranteeing that particular organizational practices are used by organizations. These practices aim for improvement, and thereby quality, in the production processes. One of the most influential certificates globally is the ISO 9000 certificates, which are sponsored by the International Organization of Standardization (ISO) (Guler, Guillén & Muir Macpherson 2002, p 208).

<sup>11</sup> See for instance INTOSAI ISSA 1 *The Lima Declaration*, section 18; 30a *The Code of Ethics*, chapter 1, or ISSAI 100 *Basic Principles in Government Auditing*

## Imitation

When organizations imitate the structures or practices of other organizations, DiMaggio and Powell (1983) describe it as a case of mimetic isomorphism. They argue that imitation among organizations may occur intentionally, when organizational models are spread and introduced, for example by consulting firms, as well as unintentionally, when diffusion occur more randomly (p. 151). Since their article was published, a number of studies have been conducted on how organizations conform to mimetic isomorphism (see for instance Deephouse 1996; Frumkin & Galaskiewicz 2004; Haveman 1993; Tolbert & Zucker 1983; Slack & Hinings 1994; Wedlin 2007). One reason for organizations to conform to mimetic isomorphism is their desire for legitimacy in their institutional environment. Already Hannan and Freedman (1977) argued about the importance for organizations to align to isomorphic pressures, where they claimed that such alignment creates a natural competition where unfit organizational structures and practices would eventually vanish. Likewise, Meyer and Rowan (1977) argue that legitimacy in their institutional environment is crucial for organizations, without such legitimacy it will be difficult for organizations to survive. Survival in this sense is not only about attaining resources, although this may be an important factor (c.f. Sauder & Lancaster 2006), rather it is concerns the manner by which the surrounding environment accepts and validates certain organizational structures and practices as legitimate.

The acceptance of certain practices by the environment makes organizations conform to these, without necessarily any financial incentives or regulatory obligations being involved. However, as pointed out by Kennedy and Fiss (2009), organizations' aim to become legitimate does not have to contradict their wish to become more efficient. In their study, in addition to social motives, performance improvements proved to be important motives lying behind why certain practices were adopted by the organizations (Kennedy & Fiss

2009). Imitation to a large extent is an identification process, where organizations imitate those with whom they identify themselves. Or as Sevón (1996) illustratively expresses it: “Imitation is a process which begins with identification and results in transformation” (p. 61). Through such an identification process, the organizations strengthen their own identity as part of a community of similar organizations, i.e. their organizational field. They also identify themselves with organizations they would like to resemble (Sevón 1996; see also Sahlin & Wedlin 2008). Therefore, when imitation occurs among organizations, they do not imitate just any organization. They tend to imitate organizations that are perceived as being the most successful (DiMaggio & Powell 1983; Haveman 1993).

What is perceived as success in an organization may be related to how much profit that organization makes (Haveman 1993), but success may also be defined by actors such as the state (Deephouse 1996), consultancy agencies (Slack & Hinings 1994; Deephouse 1996) their own associations (Wedlin 2007) or the general public (Deephouse 1996). In their study, Slack and Hinings (1994) show how national sports organizations have changed their organizational structures and become more similar to a traditional bureaucracy. The initiative to introduce more bureaucratic structures, including professionalization of the staff and an increased number of employees, was taken by the state. It was then spread by means of a number of consultants traveling around the organizations. The consultants hosted seminars and workshops, attended by personnel from all of the organizations, where representatives from organizations identified as the most successful were invited as speakers. The consultants also created guidelines that were based on the practices of the more successful organizations. These guidelines were universal and supposed to be applicable to all of the organizations in the country. Consequently, all national sports organizations eventually ended up becoming more alike. In addition, they all came to resemble what was recognized initially as the more successful organizations (Slack & Hinings 1994).

The perceptions of which organizations are to be regarded as the most successful are spread through various routes; through ranking lists (Wedlin 2007; Sauder & Lancaster 2006) through guidelines and handbooks of “best practices” (Deephouse 1996; Slack & Hinings 1994) or just through facts about the organizations that are the most profitable (Haveman 1993). Wedlin (2007) discusses the impact of ranking lists in the following way: “The rankings are also specific in the sense that they provide clear guidance of the expectations and demands placed on organizations in the field” (p. 36). Wedlin studies business schools and she argues that it is by means of the ranking lists that schools obtain information on what is perceived as the best behavior for their kind of organizations. The schools’ responses to this information were various efforts to comply with the requirements stressed in the rankings, as well as regarding the top-ranked business schools as their role models (Wedlin 2007).

What is perceived as appropriate behavior for organizations is also spread through associations and networks. Galaskiewicz and Wasserman (1989) demonstrate in their study that networks and personal connections were important when organizations decided which organizations to imitate. When it was not clear for the organizations how to act, and when there was no clear guidance in terms of guidelines or ranking lists, managers and persons in decision-making positions used their networks and personal connections to find the perceived appropriate practices, to which they eventually conformed. Galaskiewicz and Wasserman describe their “network effect” as follows:

Our theoretical rationale for this “network effect” is quite simple: decision makers are more likely to mimic those whom they know and trust, and it’s through the networks of boundary-spanning personnel that they come to know and trust one another.

(Galaskiewicz & Wasserman 1989, p. 456)

The role of networks and associations has been highlighted in particular when professionals conform to norms and standards, which are viewed as legitimate among their professional peers, i.e. normative isomorphism.

## **Professional norms**

Several scholars consider professions and professional associations to be important factors in understanding the behavior of organizations (e.g. Greenwood, Suddaby & Hinings 2002; Meyer et al. 1997; Scott 2001). DiMaggio and Powell (1983) argue that in particular two aspects of professions are important for normative isomorphism. First, professionals often share the same educational background. The common ground found in the same formal education socializes professionals into a common cultural cognitive framework. Second, professionals often participate in professional networks and associations, which create arenas for ideas and norms to spread and to be reinforced. DiMaggio and Powell (1983) claim that the socialization taking place in such professional environments will in all probability affect professionals in a way that will make them receptive to the ideas and views of their professional peers.

In research on non-binding regulation such as soft law, soft regulation and standards, peer pressure is often highlighted as a significant mechanism for why these regulations are adopted by organizations (e.g. Borrás & Jacobsson 2004; Collier 2008; Mörth 2008). For instance, Scott (2001) argues that the possibility to spread and maintain practices depends on the extent to which socializing processes have been successful. Simply put, the more similar a group is, the easier they will adopt the practices. Furthermore, Scott notes that in particular professions to a high degree “exercise their control via cultural-cognitive and normative processes” (p. 129).



In their description of socialization processes, Berger and Luckmann (1967) stress the identification with significant others as a central factor when the identity of individuals is formed. Such identification is a dual process between the subjectively experienced identity and the identification of the individual made by others (Berger & Luckmann 1967). Research that is more recent also stresses the relationship between the work carried out and the subjective identity, as something of importance when professional identities are constructed.

Professional individuals tend to change their self-experienced identity to fit better with the work they perform, whenever there is a conflict between the two (Pratt, Rockmann & Kaufmann 2006). To maintain one's identity, there is a need for continuous confirmation of one's role as being the one appropriate (Berger & Luckmann 1967). Reconfirmation of their identity as a professional occurs not only during education, but also continuously by means of meetings and activities within their professional associations. Since professional associations create interaction among professionals, they are important in creating and maintaining a collective identity. Greenwood, Suddaby & Hinings (2002) make the following comment on how professional collective identities are created:

Collective beliefs are seen as emerging from processes of repeated interactions between organizations. Organizations develop categorizations (or typifications) of their exchanges, which achieve the status of objectification and thus constitute social reality

(Greenwood, Suddaby & Hinings 2002, p. 59)

This collectively constructed social reality through normative influences as well as “regulatory processes” is continuously sustained (ibid). Moreover, professions to a large extent are self-regulated, where professional associations often have self-remedial mechanisms. Through these mechanisms, individual professionals are monitored and it is ensured that they comply with the norms and standards created within the profession (Greenwood, Suddaby & Hinings 2002).

How normative pressures affect organizations has been examined by several scholars (e.g. Casile & Davis-Blake 2002; Gibbons 2004; Greenwood Suddaby & Hinings 2002; Pratt, Rockmann & Kaufmann 2006). In their study of accreditation standards, Casile & Davis-Blake (2002) investigated how organizations are linked to their normative environment. Their results illustrate that the closer the connection was to the association that issued the standards, the more likely it was for an organization to respond to the new norms by adopting the new standards. The impact on networks for professional norms is also showed in the Gibbons' (2004) study on teachers, where networks in terms of personal networks, based on friendship, as well as "advise networks" (p. 241), based on people whose expertise is valued by others, played a significant role, both in sustaining and changing professional norms.

Which groups may then be regarded as a profession?

Evidently, not all occupations are professions. Typically, professions comprise occupations such as doctors, teachers, police officers as well as auditors. The distinction for determining which occupations to include within the concept however is not clear. Professionalization can be an important strategy for a group to increase the status and legitimacy of their work. Nevertheless, even if all kinds of worked-based groups would like to be regarded as professions, this is unlikely to be the case. Abbott (1988) gives a clarifying definition of professions. He argues that to be a profession three factors have to be in place: exclusiveness, the claim for abstract knowledge, and the application of abstract knowledge to practical cases. In other words: "professions are exclusive occupational groups applying somewhat abstract knowledge to particular cases" (Abbott 1988, p. 8).

The exclusiveness in an area of knowledge is an important factor for professions. Normally, they claim the monopoly of knowledge and practice in one specific area. Within this area, the profession then constitutes the legitimate authority in defining problems as well as providing appropriate solutions. Abbott (1988) defines this connection, between the work conducted

and the monopolized area in which the professionals operate, as the jurisdiction. According to him, there are three parts in how professions claim their jurisdiction: “claims to classify a problem, to reason about it, and to take action on it: in more formal terms, to diagnose, to interfere and to treat” (p. 40). The claim to jurisdiction on its own would allow any kind of specialized skill to be defined as a profession. The difference lies in the claim of abstract knowledge. The professions’ classifications of problems and provision of solutions are not only practical; they are also made on an abstract level. However, just abstract knowledge is not enough, the application of the abstract knowledge to practical cases is equally important in becoming a profession.

Professions and their associations do not normally issue binding regulations in society. Naturally, professionals may have decision-making positions where, through formal authority, they issue binding regulation. Nevertheless, that kind of position is not included in the construction of the profession, i.e. belonging to a profession does not per se imply this type of authority. Despite lack of formal authority to formulate binding regulations, professions and professional associations still possess high authority in our contemporary society (Drori & Meyer 2006). Though their authority derives from another source, in Meyer et al.’s (1997) words: “their authority to assimilate and develop the rationalized and universalistic knowledge that makes action and actorhood possible” (p. 165). Hence, the authority of professions in society derives from their position of producing knowledge within their jurisdiction, which appeals to the rationales of science, and consequently is universal and applicable to all cases around the world.

## **Across national boundaries**

According to the theory of isomorphism, organizations within the same organizational field are subjects to similar isomorphic pressures, and will eventually end up similar in structures and practices. However, how far does an organizational field actually reach? Should it be viewed as a national phenomenon or should the same kind of organizations around the world be viewed as being part of the same organizational field, and thereby subject to the same isomorphic pressures? A fundament in the theory of isomorphism is that these mechanisms work due to organizations' desire for legitimacy from key elements in their environment. It could then be asked, what should be considered as key elements providing legitimacy for individual organizations that face both a national and an international context.

Kostova, Roth and Dacin (2008) argue that individual organizations, which are part of larger multinational corporations, face an institutional environment so complex that it is not useful to speak of isomorphism and organizational fields. They give examples such as language and culture barriers as well as the lack of interaction among the organizations, which makes the institutional environment fragmented and conflicting. This complexity allows individual organizations to choose more freely the pressures to which they will respond (p. 998-999). Another solution would be to view the organizations as embedded in several organizational fields, international as well as national and regional fields (Phillips & Tracey 2009). This does not answer however, the question of what national public institutions regard as being their organizational field, and how they balance international ideas in relation to their national context in response to what may be a conflicting, ambiguous institutional environment. The definition provided by DiMaggio and Powell (1983) does not provide a clear answer to how organizational fields should be viewed in an international context:

By organizational field, we mean those organizations that, in the aggregate, constitute a recognized area of organizational life: key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products.

(DiMaggio & Powell 1983, p. 148)

Furthermore, in their article they explain that fields are difficult to define in advance, rather whether or not an organizational field exists is an empirical observation (ibid). Although the question of how far organizational fields reach is not discussed explicitly in the article by DiMaggio and Powell (1983), the examples given of mimetic isomorphism concern how Japanese companies imitated European and American companies, as well as how American companies at the time of the article imitated successful Japanese and European models of organization (p. 151). The examples given indicate that the authors considered organizational fields and isomorphic mechanisms also to be prevalent on the international level.

Despite a national identity, several national public authorities also face an international context through membership in large international associations. These international organizations are pointed out by scholars as being influential for understanding similarities around the world (see for instance Boli & Thomas 1999; Meyer et al. 1997). Sahlin-Andersson (2000) highlights international organizations as arenas, where professionals from different countries meet and share ideas, practices and experiences. Through such arenas, ideas and practices are spread among organizations on a global level (Scott 2001). Since public organizations do not face market competition and customer orientation to the same extent as private companies, they are likely to be more receptive towards these normative and mimetic pressures (Casile & Davis-Blake 2002; Frumkin & Galaskiewicz 2004). However, being a national public organization, there is also a national context to consider, which may influence the behavior of the organization to a larger extent than would be the case for a private company.

Despite recent attention to the lack of clarity in how to define organizational fields on an international level (Kostova, Roth & Dacin 2008; Tracey & Phillips 2009), a large numbers of scholars have identified as well as explained similarities among organizations across national boundaries, where mimetic as well as normative pressures were found to make organizations more similar, also on a global scale (for a review, see Dobbin, Simmons & Garrett 2007).

### **What a standard is and how it spreads**

Since international public audit standards are the focus of this study, there is also a need to clarify what is defined here as a standard as well as to discuss the dynamics of how standards are spread and followed. A standard may be explained as a type of rule, since they define boundaries for how we ought to behave. As for other rules, standards are general, i.e. they include everyone towards whom the standards are directed, as well as being valid on a repeated number of occasions (Brunsson & Jacobsson 1998 p 13; 2000 p. 1). To distinguish standards from other rules, Brunsson & Jacobsson (1998) classify all rules into three different categories; directives, norms and standards. They argue that standards are explicit, more often than not written down and have a distinct sender. This makes standards different from both norms and directives. Norms, they argue, do not have a distinct sender and are in general not written down, instead norms are common sense knowledge rules we follow even though they are not mandatory. Directives on the other hand are mandatory, explicit and most commonly written down, such as legislation issued by states (ibid).

In empirical cases, the difference Brunsson and Jacobsson (1998) make between norms and standards may not always be clear, rather it may be viewed as a process with different stages. A norm could most likely become a standard, and there may be a range of policy documents more or less explicitly expressing these norms, such as policy documents from international organizations (e.g. Finnemore

1993; Finnemore & Sikkink 1998). Nor does the sender of the standard need to be the actor where the norm emerged. For instance, the emergence of norms could start in activist organizations such as the women rights movement. The new norms expressing women's rights eventually attract a response on an international level, and end up by being expressed in various international policy documents (Finnemore & Sikkink 1998). Thus, the difference between norms and standards should be viewed rather as a scale of the formalization of norms.

Standards are created by a wide range of standard setting organizations, national as well as international, nongovernmental as well as inter-governmental organizations (Ahrne & Brunsson 2008). The emergence of these international nongovernmental and inter-governmental organizations has increased exponentially since the Second World War (Boli & Thomas 1999; Meyer et al. 1997). On an international level, it is through these organizations standards are spread globally (Scott, 2001) but they may also be the actor formulating explicit standards out of more scattered norms (c.f. Finnemore 1993). In this way, international standard-making organizations impact on political and administrative behavior, on a global level. Some scholars even claim that international organizations and standards per se are essential for understanding the similarities among countries, organizations and individuals around the world (Loya & Boli 1999; Boli & Thomas 1999; Meyer et al. 1997).

Sahlin-Andersson (2000) highlights that some of the international organizations have the purpose of constituting arenas; although they are not formally standard-making organizations, they still undertake activities that generate standards. As presented in the first chapter, according to Sahlin-Andersson (2000) arenas are organizations that: "produce and provide information and comparisons, report and propose initiatives for change, and generally facilitate exchange of experience, ideas, and ideals" (p. 100). Moreover, she argues, particularly international organizations have had the objective of constituting such arenas where exchange among

people from different countries takes place. Although it is not their purpose, in general these kinds of exchanges generate guidelines, recommendations and other non-binding regulations (Sahlin-Andersson 2000).

Characteristic for international standard-making organizations is voluntarism, in membership as well as in the regulations they issue (Ahrne&Brunsson 2008; Knoke 1986). No organization, individual or state is forced to become a member and, in addition, they are allowed to leave the organization whenever they wish. Furthermore, there is no payment or profit attached to membership (Knoke 1986) rather it is usual for organizations to pay membership fees to participate (Tamm Hallström 1998). In a similar vein, Boli and Thomas (1999) claim that international nongovernmental organizations are founded on strong principles of universalism, i.e. the needs and desires are considered to be the same, regardless of where in the world the member is located. Thereby, the same regulation is regarded as universally applicable.

Similar to standards per se, standard-making organizations are normally directed towards a certain group, where membership is based on some kind of similarity among the members (Ahrne, Brunsson & Garsten 2000). The associations are often established to strengthen similarities among the members and thereby strengthen their identity (Ahrne & Brunsson 2008; Knoke 1986). Weaker organizations, which have a greater need for legitimacy, have proven more willingly become members of these associations. Moreover, they also tend to comply to a larger extent with the international standards (Ahrne & Brunsson 2008). As a consequence, even if membership as well as the regulation provided is voluntary, it may be experienced as more or less compulsory for those organizations, due to their larger need of legitimacy (Tamm Hallström 1998).

Standard-making organizations are in general not able to impose any sanctions if their regulations are not followed. Nor is exclusion a realistic alternative, it is rare for members to be excluded in these contexts (Ahrne & Brunsson 2008). The dependence of the



members makes it difficult for the organizations to maintain a central authority, which is the normal basis for compliance with rules in organizations. Rather, the autonomy of the members and the aim of the organization have to be balanced. Consequently, the solution has become to issue non-binding regulations (ibid). This does not imply that the decision-making process is conflict free. A wide range of standards within an area, as well as vaguely formulated standards, could demonstrate that various interests have been compromised (Botzem & Quack 2006). When accepting a commitment there is always a certain degree of uncertainty, in terms of how much it would cost as well as what it actually implies. The strength with issuing non-binding commitment is that they make it easier for the committing parties to deal with such uncertainty. They may agree and accept then later think in more detail about the consequences, which makes it easier to accept the commitment (Abbott & Snidal 2000).

To sum up, research on organizations has shown that organizations of the same kind over time end up harmonized in terms of structures and practices. Since standards are voluntary regulation, the focus has been on normative and mimetic mechanisms. Organizations have been proven to imitate each other; in particular, they tend to imitate the structures and practices of what are perceived to be more successful organizations. When organizations consist of professionals, not only mimetic but also normative influence creates similarity. Professionals tend to be receptive to the views of their professional peers, and thus adopt practices accordingly. Professionals also have their own associations, on the national as well as the international level, where they share their ideas and practices and reinforce their common identity, as well as facilitating the spread of their practices.

Studies of isomorphism have been conducted mainly within and among European countries, the United States and other industrialized countries, i.e. Western countries. Very few studies, if any, on these mechanisms have been conducted in countries in Sub-Saharan Africa. Despite the lack of empirical studies in other parts of

the world, there are no arguments made in this body of literature that normative and mimetic processes are specific for Western countries.<sup>12</sup> Rather the basis for the theory is that all organizations within the same field, regardless of where they are located, will be subjected to the same isomorphic mechanisms and eventually become similar. In line with theories of isomorphism and organizational fields, the following proposition for how the auditors in African countries would respond to international standards of auditing is outlined. Proposition 2:

*Auditors in African countries could be expected to express the importance of conducting audits according to the international audit standards. They would primarily seek legitimacy within the international professional audit community and regard the international audit standards as the most appropriate way of conducting audit, as well as imitating more successful audit organizations. Most likely, the African Supreme Audit Institutions would adopt the standards with as little adjustment as possible.*

## **Similarities and differences**

Above in this chapter, a review of two bodies of literature was provided, which also resulted in two contrasting propositions for how public auditors in African countries could respond to international public audit standards. As demonstrated, the organization literature and the development literature differ in several ways, but they also share some aspects in common, and in this section, such similarities and differences will be discussed. Although resources

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<sup>12</sup> The research on organization has also been criticized for claiming universality, since it may be regarded as very “Westernized research” (see for instance Özkazanç-Pan 2008)

have been proven to be a significant mechanism for explaining organizational behavior (DiMaggio & Powell 1983; Guler, Guillén & Muir Macpherson 2002 ), scholars within this strand of literature on organizations argue that resources and aspects regarding the technical capacity and the production are no longer the main drivers for reforms in organizations; rather organizations adapt to more cultural cognitive ideas of what is the proper behavior for an organization of their kind, through norms and imitation (c.f. Meyer & Rowan 1977). In contrast to the situation in industrialized Western countries, where these arguments are developed, it is argued in the development literature that lack of resources and limited technical capacity remain significant explanations for how African public organizations respond, and are able to respond, to foreign ideas and practices (e.g. Grindle 1998b; Turner & Hulme 1997; World Bank 2005). In addition, the high dependency of resources is also argued to be a major mechanism for why African public organizations through the years have adopted certain, more Western-like, structures (e.g. Ake 1996).

Organization scholars argue that organizations respond to certain structures and practices primarily as a consequence of their need for legitimacy within their institutional environment, the legitimacy may concern professional ideals well as other aspects of what is considered appropriate behavior within their organizational field (c.f. DiMaggio & Powell 1983; Meyer & Rowan 1977; Scott 2001). As a result of this search for legitimacy, some organizational scholars argue that organizations decouple structures from practices, i.e. they use the structures they need for legitimacy as mainly ceremonial and do not necessarily change their practices. This may lead to a situation where organizations look similar on the surface but act very differently in practice (Meyer & Rowan 1977). Here, the organization literature is similar to how development scholars argue that as a result of external pressures African public administrations have adopted Western structures merely on the surface and they argued act very differently in practice (e.g. De Sardan 1999; Ekeh, 1975; Bratton & Van de Walle 1997). Although the arguments are fairly similar in this

aspect, there is a significant difference between the two traditions. Within the development literature, scholars make *a distinction between Western and African countries*, where they argue that Western structures are difficult to implement in African organizations. Development scholars *do not* argue that all organizations separate structure from practices rather they argue that this phenomenon is to be regarded as specifically African (ibid). In contrast, in the literature on organizations, no distinction is made between Western and African organizations, rather *all organizations around the world* are argued to search for legitimacy within their institutional environment and as a consequence also decouple structures from practices.<sup>13</sup>

Although the mechanisms driving action and change in organizations in both bodies of literature are regarded to be the result of an underlying search for legitimacy within their environment, in the development literature legitimacy is primarily directed towards and restricted to the organization's African environment. Here, the actions of the public officials are a consequence of their need for legitimacy within their African social structures, thereof the different actions than those prescribed by the foreign structures (c.f. De Sardan 1999; Ekeh 1975) In addition, scholars emphasize the importance of reforms being legitimate in the African context (Abrahamsen, 2000; Hyden 2006). In the development literature there is thus little discussion of how African public officials as professionals have also an interest in searching for legitimacy within a professional community, internationally. Similarly, there is little discussion of how public officials in Africa may regard their organization within a field of similar organizations around the world, and accordingly search for legitimacy within their field by imitating organizations that are more successful and being sensitive to ranking lists and notions of guidelines of best practice outlined on an international level.

An exception is when Hilderbrand and Grindle (1998) discuss factors in successful public administration reforms in developing countries, where they found in their various case studies

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13 C.f. the discussion regarding literature on "translation of ideas" in chapter one

that in administrations where a professional identity and a sense of a professional community existed among the public officials, the organizations performed better. Additionally, Leonard (1987) argues that many African managers have a professional commitment, which may be reinforced through networks and conferences where these professional values are shared. However, he also argues for the importance of the African managers' local social identity and, although he claims that African public administration is best understood by a combination of universal organization theory and the sociology of Africa (p. 906), he argues strongly throughout his article that it is difficult to transfer Western management techniques, since they are not appropriate solutions in African public administrations (Leonard 1987). To highlight the professional role for public officials in African countries is however an exception in the development literature. The main approach is rather that foreign, more Western like, structures are adapted in African administrations mainly as a consequence of coercive pressures, where the literature illustrates how administrative reforms from the days of colonialism to economic reforms as structural adjustment programs have been forced externally upon the African continent. Alternatively, reforms are regarded as a result of coercive pressures from donors. As Leonard (1987) states: "Thus real reform is likely to occur only in circumstances such as credible donor threats to terminate support and severe financial stringency for the state" (p. 907).

To conclude, the main similarities between the two bodies of literature are their recognition of how adaptation of reforms may be separated from the actual practice in the organizations and within both bodies of literature scholars argue for the need for legitimacy concerning how organizations are structured as well as how they work in practice. However, the arguments for why a separation of structure and practices occur and where organizations search for legitimacy differ greatly between scholars. Within the organization literature, it is argued that separating formal structures from practice occurs in all organizations, while in the development literature this

is a consequence of, for African contexts, the inappropriate Western organizational structures that have been imposed externally on African public organizations. Likewise, development scholars argue that public officials in African countries search for legitimacy primarily within African socio-political contexts, while organization scholars emphasize that they search for legitimacy primarily within the context of organizational fields.

## CHAPTER 3

# The Sub-Saharan African Context of Public Auditors

The first case in the study consists of the arenas for public auditors in Sub-Saharan Africa, i.e. meeting places and forums where auditors from Supreme Audit Institutions in African countries meet and interact. The fieldwork conducted consists of observations, personal interviews, document studies, as well as a number of informal conversations. The idea of starting the study with an open approach using multiple sources was to create a broad understanding of the context, in order to avoid a too narrow approach and instead, with the two theoretical approaches as guidance, enable a more open approach for variety within the empirical setting.

To gain access to arenas for African public auditors, a visit was made to the secretariat of the African Organization of Supreme Audit Institution in English-speaking Africa (AFROSAI-E). Through the regional secretariat, there were opportunities to visit and observe conferences, training courses and meetings within the regional cooperation, conduct personal interviews, more informal conversations, as well as to examine their documents. The sources were used in parallel for confirmation and to identify possible alternative explanations or contradictions (Burgess 1984; Yin 2009). The multiple sources were also used additively, i.e. the information from one interview, or reflections from an observation, was used in the next interview. Examine their documents in parallel with conducting the interviews also created possibilities for questions

concerning the information provided by the documents and thereby broaden and deepen the understanding of the arenas (Yin 2009).

The observations provided a fruitful starting point for the study where interaction among the auditors could be observed, and the understanding for if and how the auditors discussed the relationship between the international standards and their local contexts, outside an interview situation, could be revealed. In the field notes from the observations, attention was paid to, and extensive notes were taken on how the auditors talked and acted, about the relationship between the Sub-Saharan African context and the international audit standards. In addition, my own reflections on the situations were written down (Burgess 1984). Throughout the study, in interviews, informal conversations and during the observations, the purpose of the study was always made clear, and coffee and lunch breaks were used for informal conversations with auditors about their views and opinions of the standards and the situation in their countries, as well as the activities they participated in. In addition, access to all events was permitted by the regional secretariat. In this sense, the observations are to be regarded as open. However, in the larger events, such as the AFROSAI assembly or the AFROSAI-E performance audit course, the events were so large that it was possible to blend in with the participants and since I was not introduced, those I did not talk to were probably unaware of the observation (c.f. Burgess 1984).

The personal interviews were semi-structured around the theoretical approaches and the activities of the organization, in order to cover the theoretical aspects as well as capture a variety of responses and open up for new aspects (Merriam 2009). In addition, follow up interviews were conducted with some of the respondents to clarify various statements and to ask about features, which had crossed my mind while transcribing their interview, examining documents or conducting an observation. In the interviews, questions regarding facts and their situation as well as questions about their views and opinion were included (Burgess 1984). In addition to



the more formal interviews, informal conversations with some of the respondents were held, in general when we met in connection with the events observed. The information provided during the informal conversations was written down in the field notes from the observations. All data collection concerning the arenas was conducted in South Africa, October - December 2008. To create a situation where the people interviewed could speak more freely about their thoughts and experiences, they were promised confidentiality, i.e. that no names would be written in the thesis, instead all interviews would be numbered.

Interviews	Observations	Documents
<p>Executive Officer, AFROSAL-E Secretariat, October 1, 2008</p> <p>General Manager, AFROSAL-E Secretariat, October 1 and 10, 2008</p> <p>Technical Specialist in Sustainable Development, AFROSAL-E Secretariat, October 28, 2008</p> <p>Performance Audit Manager, AFROSAL-E Secretariat, October 7 and 28, 2008</p> <p>Assistant Manager in IT Audit, AFROSAL-E Secretariat, October 24, 2008</p> <p>Financial Audit Manager, AFROSAL-E Secretariat, October 1 and 10, 2008</p> <p>Fredance Consultant within financial audit, work with the AFROSAL-E Secretariat since two years, October 29, 2008.</p> <p>Program Director, National Treasury of South Africa, Former Institutional Strengthening Manager at AFROSAL-E Secretariat, October 24, 2008</p>	<p>11<sup>th</sup> AFROSAL Assembly, Pretoria, South Africa. October; 13-17 2008, 2,5 days</p> <p>AFROSAL-E Technical committee meeting, Pretoria, South Africa, October 29-31, 2008, 2.5 days</p> <p>AFROSAL-E, Training course for managers in performance auditing, Wilderness, South Africa, November 17-21, 2008, 4 days</p> <p>AFROSAL-E, Technical update work shop, Wilderness, South Africa, November 24-26, 2008, 3 days</p> <p>AFROSAL-E, Long-term advisors meeting, Wilderness South Africa, November 28, 2008, 1 day</p> <p>AFROSAL-E, Planning meeting with donors, Wilderness, South Africa, December 1-2, 2008, 1.5 days</p>	<p>AFROSAL-E (2006) Corporate Plan and Budget for 2007-2009</p> <p>AFROSAL-E (2006) Report on Independent Mid-term Review</p> <p>AFROSAL-E (2008) Annual report for 2007 and Work Plan for 2008</p> <p>AFROSAL-E (2007) Transversal Activity Report of the Supreme Audit Institutions in the AFROSAL-E region.</p> <p>AFROSAL-E (2008) Regularity Audit Manual 2006 (amended 2008)</p> <p>AFROSAL-E (2007) Performance Audit Manual</p> <p>AFROSAL-E (2008) Developing Performance Audit. Lessons Learnt from the Office of the Auditor General of Botswana.</p>

*Table 1. Observations, interviews and documents studied at the arenas.*

## The regional groups

To promote regional cooperation between state audit institutions, the international professional organization for public audit, the International Organization of Supreme Audit Institutions, (INTOSAI), has created seven regional working groups: one for Latin America and the Caribbean, established in 1965; one for the African continent (AFROSAI) and one for the Arab countries, both established in 1976; the Asian Organization of Supreme Audit Institutions was established in 1978; the Pacific Association was established in 1987; and in 1990, the youngest among the organizations, the group for the European countries was established (INTOSAI 2004).

### AFROSAI

The African Organization of Supreme Audit Institutions (AFROSAI) was created in 1976, and, in accordance with the aims of the INTOSAI, the organization aims to promote the exchange of ideas and knowledge within public auditing among the African states. Membership in AFROSAI is open to SAIs in all member countries of the African Union. The organization has a general assembly that is held every three years, a governing board, a permanent secretariat and technical committees, where representatives from various countries work on selected issues in between the assembly meetings. In addition, within AFROSAI there are three sub-regional groups, one for each language group; French, Arabic and English (INTOSAI 2004). These sub-regional groups were created as a result of a special development initiative within the INTOSAI.

The INTOSAI has a clear aim with the organization, which is that *mutual experiences benefit all* (Fiedler 2004, p. 140). In order to realize this aim, the idea of having an international body to provide assistance, such as training and guidance material, for public auditors at the SAIs around the world emerged within INTOSAI at the end of

the 1970s, and in 1986, the INTOSAI Development Initiative (IDI) was established. The aim of the IDI was to assist developing countries and to become a “focal point” to which these countries could turn for guidance and assistance with auditing training programs (INTOSAI 2004, p. 32). The focus for the programs was training on the basics of accounting and auditing, and the programs were to be implemented in the various regions based on the needs in each region. INTOSAI (2004) explains that: “IDI would be a clearing house for the collection and dissemination of information, development of materials, and training of trainers and training managers” (ibid). At the beginning of the 1990s, there was a demand for stronger regional structures for training, in order to improve the training’s long-term sustainability. Consequently, the IDI developed a program to strengthen the regional and sub-regional groups, which was named the Long Term Regional Training Program (LTRTP). The aim of the LTRTP was to diminish the role of the IDI and, instead, promote the regional and sub-regional groups as the actors responsible for training and capacity building in the region. The IDI would thus merely coordinate and provide guidance and assistance to the groups (INTOSAI 2004).

## **AFROSAI-E**

As a result of the IDI’s Long Term Regional Training Program, the heads of the SAIs, the Auditor Generals in English-speaking southern Africa, formed an association in 1996 named AFROSAI-E (the African Organization of Supreme Audit Institutions in English-speaking Africa). However, in the region, cooperation between the Supreme Audit Institutions was already established within SADC (the Southern African Development Community). The SADC in 1991 had founded an organization for SAIs in the region, the Southern African Development Community Organisation of Supreme Audit Institutions (SADCOSAI), which was an independent organization, collecting membership fees and developing statutes for the organization.

In addition, SADCOSAI received funding from the Swedish Development Cooperation Agency (Sida), and support in terms of technical assistance from the Swedish National Audit Office (SNAO). AFROSAI-E, on the other hand, was sponsored by the Netherlands Ministry for Development Cooperation as well as receiving technical support from the Netherlands Court of Auditors (NCA). Hence, the two organizations existed in parallel and both secretariats were located at the Office of the Audit General in South Africa until they merged in 2004. The new organization was given the name African Organisation of English-speaking Supreme Audit Institutions, AFROSAI-E.<sup>14</sup>

AFROSAI-E comprises the twenty-one English and two Portuguese-speaking SAIs in Africa. The Auditor Generals from all member countries compose its governing board, which meets once a year along with their sub-committees. Within AFROSAI-E, four sub-committees are established; 1) a capacity building committee, 2) a human resource committee 3) a finance committee, and 4) an audit committee, and each Auditor-General is assigned to serve on one of the committees. Another part of the organization is a technical committee, which serves as a control mechanism for the quality of the material produced by the organization's secretariat. The technical committee consists of managers from the secretariat, auditors from member countries as well as auditors from the institutional partners, who regularly meet and review documents produced by the secretariat. The secretariat is currently located at the SAI of South Africa in Pretoria, and there are around eight permanent positions in the office. Additionally, individuals may be appointed to the office on shorter terms.<sup>15</sup>

The South African SAI sponsors three positions in the regional secretariat, the others are financed by AFROSAI-E's three institutional partners; the IDI, the SNAO and the NCA. The role as an institutional partner involves providing support for the office, not

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14 AFROSAI-E (2006) Corporate Plan and Budget for 2007-2009; AFROSAI-E (2006) Report on Independent Mid-term Review

15 AFROSAI-E (2006) Corporate Plan and Budget for 2007-2009; AFROSAI-E (2006) Report on Independent Mid-term Review

only with resources but also with knowledge and experience.<sup>16</sup> In addition, the member-SAIs pay an annual membership fee, and the organization receives funds from the Sida. Specific projects may also be financed by other actors, such as the World Bank, and bilateral projects with member-SAI or donors, with whom the member-SAI has an agreement.<sup>17</sup>

## **African public audit arenas**

### **Guidance**

An important part of the work in AFROSAI-E has been the production of various types of guidance material. The organization develops a wide range of audit manuals and guidelines, for instance manuals on regularity audit, performance audit, environmental audit, guidelines on the implementation of the INTOSAI standards, reporting guidelines and guidelines for detecting fraud while auditing. In addition to the extensive range of manuals and guidelines, and in order to share experiences between the SAIs within the region, the AFROSAI-E has developed documents in which it describes the experiences and “lessons learnt” from one or several SAIs in the region. For instance, the process by which the SAI of Botswana developed a performance audit unit is presented in the report “Developing Performance Audit. Lessons learnt from the Office of the Auditor-General of Botswana.” The guidance material is produced by the secretariat, which views guidance material as an important aspect for creating the same systems in all countries in the region. At a meeting with representatives from the secretariat and auditors from other associated countries (AFROSAI-E Technical committee

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16 AFROSAI-E (2006) Corporate Plan and Budget for 2007-2009

17 AFROSAI-E (2006) Corporate Plan and Budget for 2007-2009; AFROSAI-E (2006) Report on Independent Mid-term Review; AFROSAI-E (2008) Annual report for 2007 and Work Plan for 2008

meeting) the design of reporting guidelines was discussed. From listening to the discussions throughout the observation, it became evident that there was an aim to get all the SAIs in the region to start working according to the same procedures, regardless of whether they used other reporting systems:

Participant A: “People are doing this in many different ways that is why we have created this guideline. We shall not encourage the norm of reporting. The norm is to produce one report on the entire government. We write that they should do it differently, even if we know that they do it in a different way in the region. We will write this now and try to make it go in that direction.” The discussion continues about practices in the various countries. Participant A: “The motive for guidelines is for us to use the same system. We have to check the IBAs and say [to the SAIs] that you are doing the wrong thing” All the other participants disagree: “We shall not say that they do ‘the wrong thing’, rather say ‘you don’t comply with the standards.” After some more discussions participant B says: “We should do make it compulsory to have a separate opinion for each ministry”. Participant A: [We should] start by talking about what the purpose of financial audits, start basic, and then move to the standards and then end up with what we actually are doing is not the proper thing, and make them understand. And then go out and assist the countries that are ready, maybe also discuss it at the General Board meeting, because on the technical update there are only experts, we may need some formal support from the top.

(Observation AFROSAI-E Technical committee meeting)

As well as constituting an arena, the AFROSAI-E may also be characterized as a meta-organization, i.e. an organization with other organizations as members. A significant feature of such organizations is their ambition to create similarities among their members, for instance by creating guidance material. AFROSAI-E’s production of large amounts of guidance material clearly shows that the AFROSAI-E has such ambitions. As the above observation illustrates, in its ambition to harmonize structures and practices among its members, AFROSAI-E has to balance between authority and voluntarism (Ahrne & Brunsson 2008). The secretariat is aware of its limited

authority over the members, at the same time as it want the members to move in a certain direction and carry out certain activities in order to strengthen their common identity as part of the meta-organization. As illustrated by the above discussion quoted from the technical committee meeting, the secretariat cannot tell members that their way of conducting audits is “the wrong way”, instead they agreed to try to convince the members through more voluntary mechanisms, such as appealing to the professional norm of following international standards (c.f. Borrás & Jacobsson 2004; Scott 2001).

The production of guidance material within the AFROSAI-E, and how the secretariat and members of the technical committee discuss audit standards, corresponds well with the proposition drawn up according to the theory of organizations. It has a strong ambition to harmonize the audit structures and practices in the region so members will better follow what is prescribed in the international standards, which it regards as the most appropriate way of conducting audits.

As illustrated in the observation above, the reporting procedures in the region were identified as not complying with the international standards, hence the organization wanted to try to change the practice, regardless of the circumstances in each country. However, in the guidance material there is also an awareness of the possible necessity of adjusting to specific circumstance in different countries. For instance, in the introduction to the *Regularity Audit Manual*, from 2008, the importance of customizing to the circumstances in the country is highlighted:

The guidance and working papers of the regularity manual reflect international requirements, or draw on best practices to enhance the efficiency of the audit performed. However, there are numerous differences between SAIs in terms of mandate, legislative environment, organisational structures etc. the manual may need to be adapted to the individual circumstances of each SAI. The extent to which the manual will be customised the template depends on that SAI's specific conditions and demands.

(AFROSAI (2008) Regularity Audit Manual, p. 10)



The quotation illustrates that the secretariat recognizes variation among the SAIs in their region, similar to the way the INTOSAI states that there may be specific circumstances in each country that needs to be considered in the adaptation of standards. The recognition of differences among the countries *within the region* however does not indicate that there are any particular differences between African countries within the region and the international standards as such, or that there are particular differences between the way standards are adopted in Western countries and how they are adopted in the sub-regional African group.

The introduction continues with a reservation: “the impact of not using the prescribed working papers should be considered in the light of the ISA requirements that the working paper are linked to” (p. 10). Thus, the members are reminded of the importance of following the international requirements as outlined in the standards. A few specific sections in the manual are then mentioned where the SAIs may customize and make the manual more country specific.<sup>18</sup> Likewise, in the *Performance Audit Manual* it is explained that the manual is a “template manual”, which may be used as a whole by SAIs that are introducing performance audit. Moreover, the manual states that as the SAI gains experience it may eventually adjust the manual to its own local needs, there then follows a list of sections in the manual which the SAI is recommended to customize.<sup>19</sup> Hence, in the two manuals the sections that should be customized are prescribed and as a consequence, what is required to follow more closely in line with what is written in the manual. The idea of the necessity of customizing to local circumstances is also pointed out in interviews, where the Regularity Audit Manual is described as a “generic manual”, which the countries may adjust to their context.<sup>20</sup> At the technical update workshop, during which the updates of the manuals are presented and discussed among the member countries, the importance of customizing the manuals to the circumstances

18 AFROSAI-E (2008) Regularity Audit Manual 2006 (amended 2008)

19 AFROSAI-E (2007) Performance Audit Manual

20 Interview 12

in each country is emphasized in the presentations of the manuals. However, the presenters as well as the participants at the workshop continuously emphasize at the same time the importance of following international standards.<sup>21</sup> As illustrated in the quotation above, local circumstances are described here as different mandates for each SAI, or different legal systems that may lead to variation when standards are implemented, this was also confirmed during informal conversations in discussions on customization with participants at the technical update workshop as well as the performance audit course.<sup>22</sup> Yet, when asked in the interviews for more specific features, to which the international standards would have to be adjusted in the various countries, the differences do not appear to be particularly large. A manager at the AFROSAI-E secretariat expressed it as follows:

There are some differences, for example if you write a report on the ministries, some countries write individual reports on each ministry, some write one overall report for all ministries. In financial audit, there is not much difference. The British rules, the systems are the same, the same structure of government. After independence, maybe some differences but pretty much the same.

(Interview 12)

Adjusting the guidance material to the local circumstances could be regarded as supporting the development theory and what was outlined in the first proposition, i.e. if foreign structures are to be implemented they would have to be adjusted to local circumstances in the country. There are however, some differences between what are said to be local circumstances in the guidance material and in the literature. In the guidance material and in the interviews regarding these documents, no specific African political or administrative cultural features are discussed. Neither is resources used as an argument for adjusting

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21 Observation AFROSAI-E Technical update workshop

22 Observation AFROSAI-E Technical update workshop; AFROSAI-E Training course for managers in performance auditing

international practices to the local contexts in African countries.<sup>23</sup> Instead, necessary local adjustments in the guidance material refer to the legal mandates or organizational structures at the individual SAIs. For instance, how the reporting system is structured in each country, as shown in the quotation above. Furthermore, what may be adjusted and what must be kept from the manual, in order to comply with international standards, is laid out in the manual.

Consequently, I interpret adjustment here as being somehow different from the way adjustments to local circumstances are presented in the development literature. Here adjustments do not appear to be specifically connected to African circumstances, as they are claimed to be in the development literature. Similarly, the manager quoted above also argues that the systems in the countries are quite similar and that there are no large differences amongst them, which demand larger adjustments, and she uses the reporting system as an example of differences. As illustrated above in this chapter, the same reporting system is discussed at the technical committee meeting as an area where the AFROSAI-E should work for harmonization among the countries, since it was regarded that these reporting systems were not in line with what is prescribed in the international standards. Consequently, changing the reporting system and making countries in the region use the same system does not appear to be considered problematic by the regional secretariat.<sup>24</sup>

Since its establishment in 1996, the AFROSAI-E secretariat has produced a significant number of guidance materials. Although, the degree of implementation of these guidelines and manuals in the SAIs in the region is acknowledged as insufficient by the secretariat, and it claims it now primarily needs to focus on ensuring the implementation of the documents. A key issue brought up in interviews and during observations as an important factor, impacting on the possibilities to implement the guidance material, was the

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23 Resources are however used as accepted reasons for not following standards amongst the Auditor Generals, as we will see later in this chapter.

24 Observation AFROSAI-E Technical committee meeting

difference between senior and junior staff.<sup>25</sup> Junior staff is argued to be more technical skilled, which enables them to adopt new work procedures more easily. Senior staff, which often is found in management positions, in general has a lower level of education and thereby has difficulties in adopting new working methodologies. Due to hierarchic structures in the organizations, it is difficult for the junior staff to influence the organization if the management does not support the change. In observations and in interviews it was argued that the management as well as the Auditor Generals agreed several times on the importance of following various standards and committed to the implementation of manuals and work procedures, but on a shallow level, i.e. they did not actually change anything in practice:

Participant C: “Some at the top feel insecure about new developments. They will pretend that they support when they are at meetings, but in reality they will not support. You also have cases when the AG supports, but then there is a vacuum”

(Observation AFROSAI-E Technical committee meeting)

To meet the difficulties experienced with management, the AFROSAI-E planned to hold a course specifically designed for managers at the SAIs in the region, in order to increase their level of competence. Although management was regarded as an important issue, the failure to implement the guidance material was not only referred to as a management problem, it was also argued that a lack of motivation among the ordinary auditors was a reason. This is illustrated in the following interview, where the respondent refers to above quoted participant C when discussing implementation of working methodologies according to standards:

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<sup>25</sup> Observation AFROSAI-E Technical committee meeting; AFROSAI-E Long-term advisors meeting; AFROSAI-E Planning meeting with donors; Interview 13, 14

They [top management] normally are quite aware of the current availability of standards and also other things. So, they are up to date. But in terms of reaching the people who are actually performing the audit, that is difficult. Because you sometimes find that implementing a standard will require a complete change in work methods and also a lot more than what they normally do and it is difficult to explain why you need to do that. The only answer is yes, you need to have a consistent methodology and you have to comply with the standards because a decision has been made for you by your employers. But this is not enough in most cases, that is why what participant C was saying this morning that there is a perceived acceptance, but behind the scenes there is rejection.

(Interview 11)

How organizations differentiate between what they say they do and what they actually do in practice is argued by organizational theorists as well as by development scholars to be a common feature in organizations. As discussed in the second chapter, explanations for this occurs differ however between the two theoretical approaches. Organization scholars claim that this is something all organizations do regardless of context, while development theorists argue that the superficial adaptation of structures is due to the differences between the Western structures and the African societies.

Although the superficial adaptation of standards is discussed as a problem within the AFROSAI-E, it is not argued that the reasons for lack of implementation are due to any specific cultural features or connected to the fact that the audit practices are not African but international. The problems of implementation were referred to instead as lack of motivation among the auditors, as well as a situation where management has lower levels of education than junior staff. Lack of motivation to adapt the standards could be regarded as supporting the development approach i.e. that to African auditors the international standards are inappropriate for their local environment as well as being externally imposed, which is why they lack motivation to actually adopt them in practice. However, when the lack of motivation was discussed in the interview, the auditor argued that in

reality implementing audit methodologies according to the standards required a complete change in working methodologies and that the auditors had to do more work than they normally did. It is difficult to interpret this as something particularly African, i.e. resistance to changes in work methodologies, especially if it means an increase in the workload and it is unclear why the changes are necessary.

It is argued that the situation where levels of competence differ between management and more recent employed officials with higher education is common in Sub-Saharan African countries (Hilderbrand & Grindle 1998). The AFROSAI-E is trying to change the prevailing situation by arranging various training courses designed for the management as well as arranging bilateral agreements, in order to assist the SAIs “on the ground”,<sup>26</sup> showing the auditors in practical training courses how the work is supposed to be conducted. Thus, the ambition from the AFROSAI-E was for the SAIs to obtain higher compliance with the international standards, not to seek specific solutions for audit methodologies in each member country.

## **Education and exchange of ideas and knowledge**

As discussed above, staff in the AFROSAI-E are aware of the difficulties in implementing all their guidance material, consequently they assist the SAIs with “on the ground training” as well as planning to hold a specific management course. These courses and training events however are not exceptions; significant parts of the activities conducted within AFROSAI-E are various arrangements to advance the competence in the region. Such arrangements not only include providing education and training, but also constructing arenas for exchanging ideas and experiences among the auditors. Education, training and places for the exchange of knowledge and ideas are integrated in many cases into the same events. For instance, the training course for managers in performance audit, which was

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<sup>26</sup> Interview 13

observed in the study, contained clear elements of education and practical exercises, at the same time as exchanges of ideas and experiences from the different countries flourished among the participants.

Moreover, training may be conducted within a bilateral agreement between an individual SAI and the AFROSAI-E, i.e. training courses as “in house support” or “on the ground training” where the secretariat send a team to conduct training at the individual SAI. In such training arrangements, several of the auditors at the SAI are normally involved. The bilateral support is mainly financed by the individual SAI, which takes the initiative and defines the area they would like to improve and then fund the project themselves, or find a donor to sponsor them. The secretariat then provides trainers, normally auditors working at the secretariat or working in other SAIs in the region.<sup>27</sup> The fact that the individual SAIs take the initiative and define their need for “in house support” is emphasized in interviews as an important aspect of how the AFROSAI-E works. A manager from the regional secretariat expressed it in the following way:

We keep emphasizing that we are an enabling organization; we are not here to dictate to them, we are not here to prescribe to them. We are doing what they asked us to do.

(Interview 16)

As expected of a meta-organization, it keeps emphasizing the voluntarism in its work directed towards its members (Ahrne & Brunsson 2008). The focus on voluntarism when defining the need for support at the individual SAIs, as well the emphasize on the importance for the individual SAI to design and express those needs, could also be interpreted as a result of the moral dimension, as argued in the development literature; i.e. imposing structures on the African countries is problematic per se, regardless of the actual possibilities for implementation (Abrahamsen 2000; Hyden 2006). In order for the

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<sup>27</sup> Interview 13, 16, 17

structures and working methodologies introduced to be regarded as legitimate in the country, it is important that the SAI in each country defines its needs, instead of an external actor such as the AFROSAI-E secretariat, prescribing the kind of support it needs.

The in-house support started when AFROSAI-E realized that training large parts of the staff at the same time would have a larger impact on the SAI. The changed approach was due to the difficulties it saw in the traditional regional training courses carried out in the region. The regional training courses were originally the foundation for one part of AFROSAI-E, namely the Long Term Regional Training Program (LTRTP) established by the IDI. In these regional courses, the SAIs in the region send one or two auditors to participate who, after the course, are expected to return to their SAI and implement the new methodologies, as taught at the course. In order to create competence sustainability for in the region, the teachers on the courses are in general auditors from the member SAIs, who have been educated as trainers by AFROSAI-E, sometimes with support from experts from the institutional partners.<sup>28</sup> The problems the secretariat noticed were the limited opportunities for the newly trained auditors to implement actual changes in their organizations:

And we started to realize that when they get back to their office they don't really have the authority to change anything. And nobody would actually listen to them because they were all busy with their own work.

(Interview 16)

As discussed earlier in the chapter, the problem of implementation is described partly as a consequence of the lack of competence among managers in the SAIs. Lack of resources could be regarded as an explanation for the inadequate management competence, as well as serve as an explanation for the lack of resources for developing the organization based on a few individuals trained on a regional course.

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28 AFROSAI-E (2006) Corporate Plan and Budget for 2007-2009



Instead of creating room for change, everyone had to continue with their ordinary work in the organization. This supports the proposition formulated according to the development literature, where scholars argue that resources and lack of competence are reasons for the difficulties in implementing foreign structures. However, the strategy for managing the situation was to change the way of educating the auditors, from just a few in the organization to the majority of the staff. Consequently, the ambition was still to follow international standards to the greatest possible extent, in accordance with the proposition outlined from the organization literature.

Despite their claimed limited impact, regional courses are still carried out within AFROSAI-E and, apart from serving as education, they also constitute arenas where auditors meet and exchange knowledge and ideas. The following observation was made on day one of the performance audit managers training course, where the participants presented exercises they had carried out, since the time when the course was held last:

Country A is presenting their report. They are starting to establish a performance audit unit. "Now when we start we have to look at other SAIs and what they have done. Like country B, they have been doing this for fifteen years, also country C, we must learn from them. What were their restraints and difficulties, we have to look at how they did things. From their experiences, we have to create a strategic plan. In the report, the experiences from country B and C are presented, and also a SWOT analysis. Under opportunities [we have written]: an international trend, everyone else is doing it, why not us? Now we want your help to identify how we should set up this unit".

(Observation AFROSAI-E Training course  
for managers in performance auditing)

During the course, all of the participants presented reports from their countries, in some cases auditors from two countries had written a joint report. After the presentation, participants from other countries commented and criticized the reports presented. My impressions

from the course was that the atmosphere was friendly, open and that participants did not fear criticizing each other, the following reflections were written down in the field notes:

The participants do not seem to have a problem with saying what they think and criticizing each other. To be compared with what was mentioned in interview 17, that it is African culture not to criticize ... does not seem to apply to this group.

[During a discussion about a report presented] People in the public are critical and they also spell it out. There does not seem to be any “fluff” around their comments, they are direct and tough, the atmosphere seem open and sincere.

(Observation AFROSAI-E Training course  
for managers in performance auditing)

In informal conversations during coffee breaks and lunches, the participants told me how they experienced this type of event and these informal conversations strongly confirm the observations made at the course:

Conversation at lunch with country D and E, they think they learn much and that experience sharing and knowledge sharing is very valuable. They all have the same problems, such as high staff turnover, [problems with] management etc. all have the same problem but they are at different levels. As in country D, they have carried out performance audits for a long time, but they are not independent. While in country E, they have recently gained independence but they have just started with performance audit.

(Observation AFROSAI-E Training course  
for managers in performance auditing)

As illustrated in the above observation notes, much of the course was structured around discussing experiences from the countries in the region, learning from each other and gaining new ideas for how to proceed in their own country. In addition, the auditors argued that

they were strengthened in their determination to work for changes in their organizations thanks to meeting fellow auditors from the region.<sup>29</sup>

The above quotations, from the observations made at the performance audit training course, supports the proposition formulated according to the organizational scholars. In the observations and informal conversations, the auditors appeared to regard it as natural to study how their peers have handled a situation, in this case setting up a performance audit unit, and then imitate their procedures. As argued by organization scholars, people in organizations are likely to imitate organizations within their field, when there are no clear instructions on how to act (c.f. Kennedy & Fiss 2009; Sahlin & Wedlin 2008; Sevón 1996). In particular, individuals in organizations are likely to imitate those they know and trust and, as argued by Galaskiewicz and Wasserman (1989), it is through networks, in this case a performance audit course, that this trust and friendship is built. Consequently, among organizations in a network, practices of appropriate behavior are likely to spread.

At the performance audit course, the importance of customizing the manuals to the circumstances in each country was also noted. A teacher at the course emphasized that SAIs should not just “copy and paste” the manuals, instead they should look at the situation in their countries and customize the manual accordingly.<sup>30</sup> It is difficult to interpret what kind of customization to which she referred. However, when more specific differences between SAIs were discussed, the auditors claimed that the only thing that differed between the countries was their size and differences in the levels of development in the organizations, as well as what they argued were minor issues, such as their legal mandate to conduct audits in certain areas.<sup>31</sup> This may be regarded as supporting that part of the development literature that argues that differences in development

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29 Observation AFROSAI-E Training course for managers in performance auditing

30 Observation AFROSAI-E Training course for managers in performance auditing

31 Observation 11<sup>th</sup> AFROSAI Assembly; AFROSAI-E Training course for managers in performance auditing; Interview 12, 15, 17

require adjustments to the support and models that are introduced (c.f. Glenday 1998; Turner & Hulme 1997; World Bank 2005). However, the auditors themselves claimed that necessary adjustments to local circumstances were primarily minor matters and did not imply any large deviations from the standards. As illustrated by the quotation above, the auditors appear to be more interested in emphasizing their similarities, for instance that as public auditors they face the same problems of high staff turnover and problems with management, as well as regarding practices that are not in line with the international standards as obstacles they will try to overcome.<sup>32</sup>

The idea of developing their own unique solutions “in flow” with their local circumstances, as would be the appropriate practice according to the development literature (c.f. Diamond 2004, p. 279; Leonard 1987, p. 908; see also Dia 1996), was not present during the observations or interviews. By contrast, the auditors rather appeared to regard the use of practices and experiences of other SAIs as helpful, when they were to develop their own organization, not only for practical advices but also for legitimizing the new practices in relation to the SAI in their own country. Moreover, the auditors regarded the use of international standards as guaranteeing “best practices” accepted around the world and, in order to be professional, they considered it necessary to comply with these standards.<sup>33</sup> Hence, the professional community of auditors is regarded by the African auditors as an essential source of legitimacy, where they view the international formulated standards as the most appropriate audit practices and they continuously imitate the other SAIs. These features confirm what have been outlined in the theory of organizations of how isomorphic mechanisms work.

Knowledge sharing and discussing best practices was also a dominant feature of the AFROSAI congress, where Auditor Generals from all of the African countries met. The congress had three audit themes, which they discussed on one of the days, 1) audits in the

32 Observation AFROSAI-E Training course for managers in performance auditing; AFROSAI-E Technical committee meeting

33 Observation AFROSAI-E Training course for managers in performance auditing

health sector 2), training and 3) corruption. A committee was responsible for each theme and the committees had to summarize the information on the situation in each country. At the congress, a general plenary discussion was held after the presentation of the summery report and the following quotation is an extraction from the field notes, which were taken when audit in the health sector was discussed:

Country A: What is the solution to our problems?

Country B: The doctors prefer to work in the private sector than in public. They work at both the public hospital and their own private clinic. But they spend more time at their private clinic... what shall we do? They say they improve their remuneration, how shall we make them do this in public sector instead, higher salaries, more education?

Country C: The patients are sent for health care abroad instead, to country X and V.. But when we checked, not all patients had actually been in these countries, only a few. Who should we hold accountable for this? What should we do?

Country D: We have developed the skill of performance audit. That is what is most important ... If any country needs help, we can help.

Country E: Donors send medicines and equipment to different clinics. How should we audit this? It is a mixture of own funding and donor funds. It is difficult to follow and to audit. Then, donors want to know how the money or equipment is used, it is difficult when there are several different donors involved. /.../ Then, not everything is reaching where it is needed. How should those who most need the help, the poor, know what they are entitled to? So we have large problems with this.

Country F: We go to the hospital ourselves, and see with our own eyes how patients are care for. We must look beyond financial audit. We must have performance audit to create change.

(Observation 11<sup>th</sup> AFROSAI Assembly)

The discussion continued and the Auditor Generals shared their questions and their experiences, as well as discussing ideas for how to handle the various situations. This was also the structure in the discussions on the other themes. The above observation notes from the congress illustrate their professional community, where they are interested in their fellow auditors' views and opinions of

their situation, and hence, this supports the organization literature (c.f. DiMaggio & Powell 1983; Galaskiewicz & Wasserman 1989; Greenwood, Suddaby & Hinings 2002; Scott 2001). Yet, as the above notes from the observation illustrate, there was a development and an African dimension in their discussions. The discussion concerned specific problems they have as developing countries; with high levels of corruption, low salaries giving rise to problems in the healthcare sector and how to regard donor-funded equipment when they audit. Thus, supporting the development theory, there appears to be a specific African dimension to auditing, where they have to consider these specific problems when they audit (c.f. Grindle 1998b; Hilderbrand & Grindle 1998; Olowu 1999).

Despite this interpretation of the discussion of specific African problems, no Auditor General expressed a need here for adjusting the international audit standards or working methods to their local circumstances in their country, or claimed that the international audit models were inappropriate for their contexts. Instead, the solution presented by country D and F, to the problems with auditing donor-funded equipment, was to start using performance audit, which is an internationally established audit approach not specifically designed for developing countries. However, the picture is not entirely clear. Occasionally, the delegates at the congress pointed out the importance of each country examining its own situation and developing units and methodologies accordingly. For instance, in the presentation of the second theme concerning training, the responsible committee emphasized that the needs of each SAI has to be assessed, and adequate methods and interventions then have to be chosen in accordance with those needs.<sup>34</sup> Similar to the performance audit course, when differences between countries were sometimes specified, they appear to refer primarily to levels of development and the size of the countries, implying they were all aiming at the same development, in the same direction. This was specifically evident in a speech concerning the strategic plan

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<sup>34</sup> Observation 11<sup>th</sup> AFROSAI Assembly

for AFROSAI 2006-2011, held by the Auditor General of South Africa, who would be the next President of AFROSAI. In the speech, he pointed out that countries in Africa were at different levels of development as well as differing in size, which could imply that they had different needs. However, he continued by saying that different government structures should not inhibit knowledge sharing, development or implementation of the international standards. In addition, several other speakers at the congress expressed an ambition to work for harmonized audit structures around the world.<sup>35</sup>

The sensitivity for differences in development when implementing international standards may be regarded as supporting the development literature. Still, as pointed out above, no one expressed that any adjustments to the international standard were necessary to make them suit the local African environment, or argued that the internationally formulated standards were inappropriate solutions for their problems. Rather the auditors' sensitivity for the context is interpreted to concern what kind of capacity needs to be strengthened as well as the type of support they would need in order to comply better with the requirements in the international standards. This professional ambition together with the strong call for every SAI to follow the internationally formulated standards may be regarded as supporting the organization literature.

## **Assessments and peer reviews**

In its documents, the AFROSAI-E state that in order for a SAI to be able to move forward there is a need for the SAI to know its position, in relation to international standards as well as in relation to other SAIs in the region. As a part of this work, AFROSAI-E conducts assessments of member SAIs in the region, to establish the level of the SAI within various areas and to establish what needs to be done in order for the SAI to move forward. The assessments

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<sup>35</sup> Observation 11<sup>th</sup> AFROSAI Assembly

conducted are self-assessments as well as assessments by means of peer reviews, where professional auditors from other member SAIs as well as auditors from AFROSAI-E's institutional partners conduct the latter. AFROSAI-E's ambition is that peer reviews should be held on a regular basis, and that each SAI should be peer reviewed every three years.<sup>36</sup> The AFROSAI-E has constructed an institutional framework with five levels where the SAIs are evaluated in areas such as independence, human resources, training and audit standards and methodologies. This assessment is intended to function as a "benchmark" for the SAIs in the region and the performance of the SAIs are ranked and published.<sup>37</sup> In interviews, the managers at the secretariat pointed out that they are careful when they handle this information, they do not release reports that say for instance that country X and Y are not following the manual. Instead they present an overview of how each SAI correspond to the different levels.<sup>38</sup> In interviews, it was also emphasized that the quality assurance reviews are voluntary for the individual SAIs:

Nothing was pushed on to them, everything was at their own request, even with the quality assurance... we didn't say we are coming, we said ... this is the advantages, guys we are here for you, this is your organization, we are able to help you ... we have this, that and that, but it is for you to use the services, it is for you to ask for it.

(Interview 16)

This confirms what was discussed earlier in this chapter regarding the features of AFROSAI-E, i.e. it lacks authority and focuses instead on voluntary mechanisms in order to make its members move in the right direction. Here it also uses ranking lists and benchmarks to enable comparisons between organizations and create peer pressure,

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36 AFROSAI-E (2006) Corporate Plan and Budget for 2007-2009

37 AFROSAI-E (2007) Transversal Activity Report of the Supreme Audit Institutions in the AFROSAI-E region.

38 Interview 12



which it argues impact the SAIs.<sup>39</sup> One auditor at the secretariat expressed it in the following way:

Some of them are quite competitive. When Tanzania heard of Botswana for example they only wanted to know, how far ahead are they ..or ..so they have this competition with each other, which is good because it helps a lot.

(Interview 13)

The use and impact of ranking lists and the professional pressure to imitate more successful organizations which follows, confirms what is outlined by organizational scholars. However, while some auditors in interviews argued that these mechanisms affect the organizations, other respondents were more skeptical saying that this effect is limited, it may be evident immediately after a workshop but eventually the effect subsides and there will be no changes in the organization.<sup>40</sup> In peer reviews, experts from the institutional partners outside the region are invited to participate in the assessment teams. This is also the usual procedure when the secretariat aims at assuring the quality of its work. The technical committee, described earlier in this chapter, consists of experts from within the region as well as from outside the region who, together with the managers at the secretariat, discuss all the guidance material produced by the secretariat, as a part of assuring its quality.<sup>41</sup> The idea of peer review in order to improve the quality was also evident during the training course for performance auditors. At the course, participants reviewed and commented on the reports from the other participants. During this part of the performance audit course, I made the following reflection in the field notes:

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39 Interview 13, 16

40 Interview 10, 15

41 Observation AFROSAI-E Technical committee meeting; Interview 16

I cannot see any difference here compared to when I listen to discussants on papers [at the university] in Sweden. The discussants vary in their approaches; some give positive feedback in the beginning and then are more careful in their critique, while others are more directly critical.

(Observation AFROSAI-E Training course  
for managers in performance auditing)

The interviews and observation above illustrate how they shared a common professional understanding of their work, which enabled them to read and review the work of auditors from other SAIs in the region. The process of reviewing and assessing each other's work in various contexts appeared to be part of how their professional community works. In addition, in the observations from the course the auditors gave the impression of being receptive to their peers' opinions on their own work. I interpret these features as supporting the outline in the literature on organizations. In an interview with an auditor at the regional secretariat, I was told that it is typical of African culture not to criticize.<sup>42</sup> However, in the group of African auditors participating at the performance audit course, this did not seem to apply. As illustrated by the quotation from the performance audit course, some comments were harsh and directly critical of the work of auditors from other countries, without anyone specifically reacting to those comments.<sup>43</sup>

Peer reviews may be considered as an aid for auditors to improve their work, which was the impression from the observations made during the performance audit training course and the technical committee meeting, as well as being how peer reviews were described in interviews and informal conversations.<sup>44</sup> Still, peer reviews may be regarded as a stricter instrument used by the profession to monitor the work of auditors in order to create compliance with the professional standards. An example of the more disciplinary side of the audit profession is a speech held at the AFROSAI congress. Although this

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42 Interview 17

43 Observation AFROSAI-E Training course for managers in performance auditing

44 Observation AFROSAI-E Training course for managers in performance auditing; AFROSAI-E Technical committee meeting; Interview 16, 12

approach was not the overall impression gathered from the arenas, at the congress an invited speaker, from an organization named Independent Regulatory Board for Auditors (IRBA), argued for the crucial importance of auditors following standards. He also stated that the professional organization he represented monitor auditors and punishes those who do not comply with the standards, for instance by withdrawing their audit license.<sup>45</sup> This statement may be understood as a way of creating more external legitimacy for the profession, by ensuring that individual auditors follow the professional standards, and disciplining those who deviate (c.f. Jonnergård & Erlingsdóttir 2008).

It is difficult to interpret which body of literature is support by such a statement. On the one hand, to some extent it confirms a coercive aspect forcing African countries to comply with international practices and hence, supports the development literature. On the other hand, the invited speaker was from South Africa, thus he was not an external actor imposing standards from outside. Rather he could be regarded as representing the audit profession in Africa, consequently giving more support to the organization literature on isomorphic normative mechanisms, which spread in the kind of events represented by the congress.

In interviews as well as in informal conversations with the auditors at the events observed, the auditors appeared to have an unproblematic approach to the international standards, i.e. for them as auditors there was an existing best professional practice, as formulated in the standards, and they just needed to follow that practice. For them, complying with international standards follows as a natural part of being a professional auditor.<sup>46</sup>

In an interview, this was formulated in the following way:

When they [the auditors] are doing an audit report, they say, I've done this, I've done this ... according to this standard, so they will lie if they

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45 Observation 11<sup>th</sup> AFROSAI Assembly

46 Observation AFROSAI-E Training course for managers in performance auditing; AFROSAI-E Technical update work shop

don't follow standards. Integrity, ethics ... you are doing what you say you are doing. Also, the nature of auditing, the auditor tells everybody to follow the rules and regulations and when an auditor talks about following the rules, he talks about following standards. It is then strange if you don't follow standards yourself, when you tell others to

(Interview 12)

The auditors' approach to the international standards supports what is outlined in accordance with the organization literature, i.e. auditors share a common educational background as well as share, through their profession, a similar cultural cognitive framework, which contributes to their unproblematic approach to following internationally formulated standards and working for their implementation.

Apart from the professional commitment to follow standards, the auditors mentioned several advantages of using the same audit structures and practices globally. These advantages included their approach regarding the international standards as actually representing the best way to conducting audits, but they also referred to a practical dimension. An example of this practical dimension is the quality reviews of the SAIs in the region. The auditors argued that if the assessment teams, consisting of auditors from other SAIs in the region as well as from other parts of the world, are familiar with how the work in the SAI is structured and how they conduct their work, it is much easier for them to conduct the quality review.<sup>47</sup> Using the same terminologies and methodologies also makes it possible to conduct joint training in the region, as well as making it possible for the auditors to discuss their problems and to help each other.<sup>48</sup> A manager at the regional secretariat argued that harmonized structures were very positive, since the auditors in the region were then able to "phone each other, in audit causes, and they might know somebody on that side who could help."<sup>49</sup> Naturally, it was added, this also based on the auditors in the region knowing each other and having met at

<sup>47</sup> Interview 12

<sup>48</sup> Interview 12, 16

<sup>49</sup> Interview 16

training courses and workshops. Likewise, it was added that using harmonized audit structures not only could enable stronger SAIs in the region to help the weaker ones, harmonizing audit structures and practices around the world also enabled stronger regions such as Europe to help developing regions like Africa.<sup>50</sup>

Disadvantages mentioned with respect to harmonized audit structures and practices was the risk for SAIs doing things “just for the sake of doing it”, without understanding the reasons.<sup>51</sup> One auditor argued that if there was no understanding for why a strategic plan should be in place, there was no point in having one. It would only be beneficial if it was used correctly. This auditor continued and argued that due to this risk it is necessary for the SAIs to be given proper support when they introduced new methodologies and principles.<sup>52</sup> Likewise, another auditor said that it depended on the legislative environment as well as on the SAI’s level of development to what extent harmonized structures and practices could apply.<sup>53</sup> This auditor also added:

But I think there is a very good feeling out there about harmonizing the work and I think they can see the advantages as well as of doing it and get a more structured way of working.

(Interview 13)

With the development literature as the starting point, the attitudes expressed above, illustrating the attitudes towards international standards and the positive attitude towards harmonized audit structures and practices, not only within the region but also around the world, were unexpected results that were largely in contrast to the expected behavior of African auditors, according to the development literature. The auditors did not appear to regard it as problematic that the international standards are external and created outside the African context. On the contrary, they argued rather for

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50 Interview 16, 17

51 Interview 11

52 Interview 11

53 Interview 13

the advantages of all SAIs around the world using the same audit structures and methodologies. Several respondents had difficulties in finding any disadvantages with this. As previously noted, one auditor argues that adopting similar standards around the world would only be a disadvantage if the standards were adopted “just for the sake of doing it”. This could be regarded as supporting the argument in the development literature, where superficial adaptation of structures does not represent how African organization work in practice (e.g. De Sardan 1999; Ekeh 1975). However, when the auditor continued the solution was not for the SAI to develop its own practices or adjust the ones introduced, as would be the appropriate solution according to development scholars. Instead, the auditor’s suggestion was to increase and ensure proper guidance and support for the SAIs, so they would be able to adopt the practices correctly.

The difficulties in harmonization due to levels of development and legislative environment among the SAIs, as advanced in one interview, may be regarded as supporting the argument outlined by development scholars. However, as illustrated by the quotation above, the same auditor also argued that working towards harmonized structures was positive and the auditor claimed that the SAIs in the region regarded working towards more harmonized structures as positive. This may instead be regarded as confirming the literature on organizations, i.e. where the professional identity and the professional community are viewed as being the most legitimate, and practices formulated within the profession are regarded as the most appropriate.

## **Summary**

The results obtained from the African arenas for public auditors confirmed several aspects describing how organizations behave as outlined in the literature on organizations. The work within the regional secretariat is mainly centered on the production of guidelines

and manuals based on international standards and encouraging, by voluntary means, member-organizations to adopt these to the greatest possible extent. Yet, some ambiguity exists, the AFROSAI-E emphasizes how guidelines and manuals need to be customized to the circumstances in each country, which may be regarded as contradictory to their ambitions and positive attitudes towards harmonizing the audit structures and practices across the region, as well as around the world. When asked for more specific features, as examples of customization, the auditors argue that it is mainly smaller, more technical matters, such as differences in reporting procedures or different legal mandates for conducting audits within different areas. In addition, levels of development and the size of the countries were regarded as areas where the countries differed, which could have implications for implementing the standards. However, the suggested solution for managing the differences in development levels was to increase the support in order to enhance the implementation of international standards.

Lack of implementation was referred to a lack of competence among managers, which in turn could be regarded as a development problem where the lack of the right competence could have significance for the failure of reforms. Further, a lack of motivation among auditors “on the ground” was noted as a reason when difficulties in implementing new audit methodologies according to the standards arose. A lack of motivation could be argued as supporting the development literature, where external standards lack legitimacy among the auditors as well as being ill suited to the African context in which the auditors work. This however was not the answer provided in the interview, rather the auditor claimed that introducing the work methodologies according to international standards implies in general a large change in how auditors work, as well as increasing the amount of work they have to carry out. Accordingly, in contrast to what would be expected from the development literature, problems of implementation are not discussed as specific African features or as a consequence of international audit standards not suiting an African

environment. Nor were there any discussions about developing unique, “home-grown” solutions “in flow with” a specific African logic or domestic traditional institutions, but rather on gradually implementing the international standards with increases in the support for the organizations.



# CHAPTER 4

## State Audit Conceptualized

In this study, the key focus is on the relationship between international standards of public sector audit and how such standards are handled in a Sub-Saharan African context. Due to the extensive range of international audit standards, operationalization of the international standards is necessary, not only to study what the auditors express, in terms of their views and opinions about international standards in general, but also the actions they take. In order to sort among all standards, the literature on public audit and what is argued there to be main characteristics for public audit institutions is used. Then, according to the literature and the international public audit standards per se, the standards are operationalized into a model of a Supreme Audit Institution. The aim with the model is to enable a comparison to be made between what is described in the international standards and what may be considered national practices at the SAIs in Namibia and Botswana.

In this chapter, a broad overview of different kinds of audit will first be given. Secondly, a description will be given of the international public audit standards and the professional international organizations promoting these standards, i.e. INTOSAI. Thirdly, an operationalized model of a Supreme Audit Institution, based on the literature and the international standards will be outlined and, at the end of the chapter, there will be a methodological discussion of the case studies conducted in Namibia and Botswana

## Audit

As noted in chapter one, the establishment of mechanisms for holding public officials accountable has long historic roots in organizing the democratic state. Control of public officials was also discussed by Max Weber ((1922) 1978) as a significant part to ensure the function of the bureaucracy. In the description of the specific characteristic of the bureaucracy, Weber ((1922) 1978) emphasized the importance of public officials having secure salaries and clear career paths, but he also considered control and discipline, as well as being able to criticize public officials in public, to be important features for a bureaucracy to be maintained and successful. He argued that specific characteristics of the bureaucracy, such as the impersonal character of the work and the separation between private and public, would be advantageous for such mechanisms of discipline. Weber ((1922) 1978) did not specify how such discipline and control should be arranged; the only suggestions were that control and discipline should show “consideration for the public official’s honor”, as well as “possibilities of public criticism” (p. 968):

Taut discipline and control which at the same time have consideration for the official’s sense of honor ... as well as the possibility of public criticism, also work in the direction. With all this, the bureaucratic apparatus functions more assuredly than does legal enslavement of the functionaries. ... The purely impersonal character of the office, with its separation of the private sphere from that of the official activities, facilitates the official’s integration into the given functional conditions of the disciplined mechanism.

(Weber (1922) 1978, p. 968)

Although Weber ((1922) 1978) does not explicitly mention audit as such a mechanism for discipline and control, considering the characteristics of state audit, his description encompasses well the role and function of state audits within a democratic state. State audit

includes control of the public officials by means of the audit process, as well as providing possibilities for public criticism of officials by the provision of audit information about public sector performance, to the government and the parliament (c.f. Ahlbäck 1999).

Although most people are likely to have an idea of what audit is about, the role and character of state audit is not as clear as it first may appear. The role of audit has changed throughout history and different ideas of its role and responsibilities are enhanced in different contexts (Flint 1988; Larsson 2005; Power 1999; Öhman 2006). Audit as a concept is commonly used in the wider sense of general scrutiny, inspection and monitoring. A phenomenon that scholars claim has increased during the last years (Dye & Staphenhurst 1998; Gendron, Cooper & Townley 2007; Guénin-Paracini & Gendron 2010; Hood et al. 1999; Johansson 2006; Pentland 2000; Power 1999; Rose-Ackerman 2005; Skaerbaek 2009), some even claim we are now living in an “audit society” (c.f. Power 1999; 2005). However, the discussion here does not concern audit in such a wide sense, instead focus is audit as carried out by professional auditors within government.

Mainly there are two types of state audit; performance audit and financial audit. Value for money audit is a term frequently used by scholars and professionals, which describes the same type of audit as a performance audit. However, to avoid confusion the term performance audit will be used throughout this study, performance audit is also the term preferred by the professional international organization INTOSAI. In addition, compliance with various laws and regulations is a part of auditing, and it is included in financial as well as performance audits. Financial and compliance audits together are occasionally called regularity audits, for instance in *The Regularity Audit Manual* by the African Organization of Supreme Audit Institutions in English-speaking Africa. In this book, the term financial audit will be used to avoid misunderstandings, although it includes compliance audit and is sometimes called regularity audit.

## Performance audit

Performance audit, as a specific type of audit within the public sector, is generally regarded to have emerged during the 1960s and 1970s, as a result of the expansion of the public sector. With the expansion of the public services, it became more difficult for politicians and citizens to have an overview of the implementation of public policies. Consequently, a demand grew for a different kind of audit, focusing more on the performance of the auditee than on its financial statements (Ahlbäck 1999; Riksrevisionsverket [the Swedish National Audit Office] 1998). In addition, several public sector organizations changed to program budgeting. Program budgeting aimed to increase effectiveness by dividing activities into programs, attached to various goals. To meet evaluation demands for determining how well goals had been fulfilled, performance audit was developed (The Swedish National Audit Office 1999 p. 18-19).

Power (1999) claims that despite the historically long interest in Great Britain in the performance of public sector organizations, the scope and significance of performance audit grew above all in the 1980s. As a part of the rise of New Public Management, the increased interests in performance audit was linked to a general concern over the (in) effectiveness in the public sector. Within New Public Management, ideas such as cost control, effectiveness and the citizens' right to value for their money were emphasized, accordingly performance audit became an instrument for realizing these ideas (p. 42-52). Performance audit is guided by the audit orientations of economy, efficiency and effectiveness (Flint 1988 p. 11; Power 1999 p. 49-50; Swedish National Audit Office 1999). Power (1999) gives the following definitions of the three guiding orientations, "*Economy* as accountability for obtaining the best possible terms under which resources are acquired. *Efficiency* as accountability for ensuring that maximum output is obtained from the resources employed or that minimum resources are used to achieve a given level of output/service. *Effectiveness* as accountability for ensuring that outcomes conform

to intentions, as defined in programs.” (p. 50). Hence, performance audit concerns the relationship between output and outcome, the resources given and the intentions and goals of the activity, aiming at maximizing high quality at the lowest possible costs.

It has been discussed whether performance audit should be seen as auditing, given its character it could perhaps be regarded as a form of program evaluation (e.g. Barzelay 1997; Roberts & Pollitt 1994). Financial audit, including compliance audit, normally covers the above aspects as well, though to a smaller extent. The aspects are included in the scope of the audit when the activities of the auditee are examined. In the financial audit process, the auditor reviews the way the auditee has performed pursuant to its regulations and directives, which in public organizations includes aspects of economy, efficiency and effectiveness. Performance audit evolved as an evaluation and extension of these aspects of financial audit (Power 1999, p. 50). Hence, the focus of performance audit is more on the output and outcome of the activity; to be compared with financial audit where the main focus is on the processes leading to the outcome (Barzelay 1997). Furthermore, financial audit is based on a wide range of specific norms and guidelines for how various situations and valuations should be handled. Beyond the theoretical framework of economy, efficiency and effectiveness, there are no such specific standards for performance audit within the international community. Performance audits are often thematic reviews of programs, covering a policy area within one ministry or covering a whole sector (Swedish National Audit Office 1999).

Moreover, the prevalence of performance audit, as well as whether national legislation prescribes performance audit of the public entities as mandatory, also varies between countries. For instance, in Sweden there are legal obligations for the Swedish National Audit Office (SNAO) to carry out financial audits of public entities. Such legal obligations do not exist for performance audit, rather the legal acts concerning performance audit declare that it is voluntary for the SNAO to conduct performance audits in the public

sector (cf. SFS Lag (2002:1022) om revision avstatlig verksamhet [Act (2002:1022) on Audit of Government Entities] ).

## Financial audit

If the expansion in performance audit is more of a recent phenomenon, financial audit has a longer history, within commerce but also within the state. Despite the rise of the “audit society” and “rituals of verifications” (c.f. Power 1999) the desire to verify and control how financial transactions are handled goes back for as long as resources have been entrusted another party than the original owner (Flint 1988):

The state auditor, professional or elected, was one of the first of all administrative technicians; in the Nile kingdoms, in Athens as one of the *Logistai*, or in Rome as one of the *Quaestores*. Similarly, in the new civilizations of our European middle ages, we meet again with this inevitable official, ensuring that the state receives its due from its creditors and that its debts are being measured and met with exactitude.

(Normanton 1966 p. 13)

Normanton (1966), in his pioneer work on government audit, gives an historic and a comparative review of the public audit mechanisms in Europe and the United States with a start in the Middle Ages. As well as officials to collect the taxes, medieval kings had certain officials to control that the revenue collected was correct. In Britain at this time, these procedures of verification were of juridical arte and the public officials were held responsible directly to the king. Cassel (1996) claims that the countries where the predecessors of the audit in modern times are to be found are within the United Kingdom, in particular in Scotland. Already in 1734, Scotland had several independent auditors, which in 1853 formed their own professional organization (p. 89). Similar systems to the British, where

the king held his servants accountable through some kind of juridical committee, existed throughout the European kingdoms and republics, as in the Venetian Republic, the Kingdom of Naples, and the French Crown by the time of the reign of Saint Louis. These permanent medieval versions of audit institutions played an important part in the general administrations and over the centuries, the various state audit systems have altered in statute, function as well as organizational placement (Normanton 1966 p. 13-27).

Today, two different audit systems dominate around the world, the parliamentary system and the juridical system. In the parliamentary audit system, i.e. the Westminster system, the highest audit institution (the SAI) in the country reports to parliament. In parliament, the report of the Auditor General is submitted and discussed in the Public Accounts Committee, whose members are representative of the distribution of seats in the parliament. In cases where the auditors discover misuse of funds, fraud or corruption, there is no possibility for the SAI to take legal action, instead it has to submit such cases to the legal authorities (World Bank 2002). In addition to the parliamentary report, in the Westminster system the SAI writes recommendations for the entities audited, in accordance with the findings made during the audit process. However, there is no possibility for the SAI to make its recommendations mandatory or to impose any sanctions on the auditees in situations where their recommendations are not followed; following the recommendations of the state auditors is voluntary (Johansson 2006). The Westminster system is used in the English-speaking African countries, as well as in several other Commonwealth countries, such as Australia, Canada, and India (World Bank 2002).

The juridical audit system is built around a court of auditors and constitutes part of a country's judiciary. In addition to an administrative authority, the court of auditors also holds legal authority and it has the possibility to press charges against the entities audited. The role of parliament is less prominent in the legal system than in the Westminster system. Despite possible forms of

cooperation between the parliament and the court of auditors, the SAI is not obliged to report to the parliament. The legal system, with courts of auditors, is particularly common in the French-speaking countries in Africa, in several Latin American countries, as well as in the Latin countries of Europe such as France, Italy, Portugal and Spain (World Bank 2002).

Considering the rich historical comparative overview of public auditing, in particular in Great Britain, Normanton (1966) discusses audit arrangements in the British colonies remarkably little, within the colonies as well as the audit arrangements between the colonies and the audit institutions in the European countries. At the end of the nineteenth century Great Britain used the Westminster system and the British Auditor General worked in close association with the Public Accounts Committees in the Parliament. For the British colonial territories, a special director of the Oversea Audit Service reported to the Auditor General. In 1910, a special Colonial Audit Department was created, a function that was attached to the Colonial Office (Normanton 1966 p. 294, 294n).

## **Auditors, fraud and corruption**

Financial audit throughout history has focused on control and verification of resources, which have been entrusted a party other than the owner. The control was to ensure that resources were managed in line with prescribed directives and not misused. (Flint 1988). Consequently, the detection of misuse of resources and fraud as an objective within financial audit is not an illogical conclusion. However, the role of auditors in detecting fraud and corruption is debated, not only among scholars (Power 1999 p. 21), but also between the profession and stakeholders such as the state, the political parties (Larsson 2005) and the general public (Cullinan & Sutton 2002). As Larsson (2005) notes, in a survey carried out by the professional organization for authorized auditors in Sweden (FAR) in



1979, stakeholders have a different view of the role of auditors than the professional organization: “the majority of Swedish corporate representatives believed that auditors already had the responsibility of preventing tax crime, currency crime, fraud and bribery” (p. 133). The response from the profession however was defensive, claiming they had no possibilities to include such responsibilities in their professional duties (ibid).

In the literature, this misconception of the audit role is discussed as the expectation gap (e.g. Chowdhury & Innes 1998; Cullinan & Sutton; Fadzly & Ahmad 2004; Larsson 2005; Shaikh & Thala 2003; Öhman 2006). Cullinan and Sutton (2002) argue that, despite efforts from the audit profession to meet some of the demands from the general public and bridge expectation gaps, the focus of audits is not effective in terms of detecting fraud and corruption. They claim that the audit process is focused on detecting fraud among lower level employees, but a large majority of fraud and corruption is conducted by top management, for whom there is a lack of effective control mechanisms (ibid). Cullinan & Sutton (2002) mean that auditors are too aligned with top management to meet demands for detecting fraud and that auditors are: “paying lip-service” in terms of fraud detection (p. 297). In their study of auditors’ view of their role and responsibility, Öhman et al. (2006) concluded that auditors in general lack sensitivity towards the interests of the general public and other stakeholders, and that they were not very interested in bridging the expectation gap. Öhman et al. (2006) argue that, due to the self-regulation of the profession, there are few chances for stakeholders actually to influence this situation. Having an unclear situation and differing perceptions of the role and responsibilities of auditors however may have consequences for the audit profession, such as diminished legitimacy as well as a decrease in the trust of their professional judgments (Cullinan & Sutton 2002).

## **Professional organizations and international public audit standards**

To a large extent, audit has been a self-regulating occupation (Byington, Sutton & Munter 1990; Öhman 2006), and although national legislation outlines frameworks of rules and regulations for auditing, much of the guidance is determined by the professional audit and accountant organizations. Constituting a profession, auditors are required to follow standards prescribed by their professional bodies (Flint 1988) and on an international level, the most dominant organization setting standards for auditors and accountants is the IFAC (International Federation of Accountants). The IFAC issues the International Standards on Auditing (ISA), which are primarily developed to encompass audits within the private sector. For public sector auditing, the organization setting international standards is the International Organization of Supreme Audit Institutions (INTOSAI).

INTOSAI was founded in 1953, at an international congress for Supreme Audit Institutions (SAIs). The congress was preceded by a decision to create a forum for government audit, which was taken at a post-World War II conference on administrative sciences, where several SAIs were represented. At the first international INTOSAI congress, delegates representing thirty-four countries attended. Today, roughly all the SAIs in the countries who are members of the United Nations, are members of INTOSAI. Membership in the organization is voluntary and open for SAIs in all countries that are members of the United Nations (INTOSAI 2004). Since its foundation, the aim of the organization has been to encourage the exchange of ideas and practices between public sector auditors around the world (INTOSAI 2004). Franz Fielder (2004), Secretary General of INTOSAI and the President of the Austrian Court of Audit, explains the ambitions of the organization through the years in the following way:

Inspired by the idea of pooling know-how gained from practical audit experiences on different continents and making it accessible to all interested SAIs, the young INTOSAI selected a Latin motto, *Experientia mutual omnibus prodest* (“Mutual Experience Benefits All”) as its guiding principle, one which still directs its course today. Thus, INTOSAI professed its intention to contribute to improving audit on a global scale by the transfer and multiplication of know-how.

(Fiedler 2004, p. 140)

Decisions to adopt new standards or amendments of old standards are taken at the INTOSAI congresses, which are held every three years. All SAIs around the world, who are members, are represented holding one vote each. Prior to decisions to adopt standards at the congress, a specific committee, the professional standards committee, has worked with the creation or amendments of the standards (INTOSAI 2007). The professional standards committee consists of representatives from various member countries in the INTOSAI community, advanced industrial countries, as well as representatives from the developing world (INTOSAI Professional Standards Committee 2007). Between congresses, a governing board, with eighteen members runs the organization. The members of the governing board are elected on a regular basis and the leadership is rotated. On the governing board, each of the regional groups as well as each major form of public audit system are always represented, to ensure that all members are fairly represented (INTOSAI 2007).

The type of organization, which INTOSAI constitutes, is the kind of organization called a meta-organization by Ahrne and Brunsson (2008), i.e. an organization with other organizations as members. Ahrne and Brunsson (2008) suggest that meta-organizations typically base their membership on some kind of similarity among the organizations and membership is normally voluntary. As discussed in previous chapters, meta-organizations are often established to strengthen similarities among members and thereby strengthen their identity as a part of the association. The degree of identity formation among members varies across

different meta-organizations. Some of them have extensive rules and regulations, where compliance as well as membership becomes an important part of the individual organization's identity (Ahrne & Brunsson 2008; Knoke 1986).

## **The INTOSAI standards**

Since the establishment of INTOSAI in 1953, the organization over the years has created common declarations on the role of a SAI, as well as standards and guidelines for how to conduct audit in the public sector. Already at the congress in 1965, it was decided to prepare a glossary for a uniform terminology and in 1977, the first common declaration was adopted, the Lima Declaration, which is a call for independence in governmental auditing. Gradually, the numbers of committees and working groups increased, which resulted in an increased adaptation of standards and guidelines. Step by step, INTOSAI developed standards to cover practically the whole scope of audit (INTOSAI 2004). The new standards as established by INTOSAI were regarded nonetheless by several members as too general. To improve the guidance of the requirements, a number of SAIs used instead the IFAC standards, created for the private sector, which they regarded as being more precise. As a consequence of this situation, at the congress in Budapest in 2004, INTOSAI decided to develop appropriate professional standards for its members and made such development the first goal in its strategic plan (INTOSAI 2005). Since several countries already used the IFAC standards for financial audit, INTOSAI decided not to continue producing its own standards. Instead, it decided to use the IFAC standard and issue a practice note for each standard, which would make the standards suitable for the public sector. The development of public audit standards is a continuous process, several standards were endorsed at the international congress held in South Africa in 2010 and it is planned to adopt more standards in the future (INTOSAI Professional

Standards Committee 2007).<sup>54</sup>

The INTOSAI standards are divided into four different levels: 1) Founding principles, 2) Prerequisites for the functioning of Supreme Audit Institutions, 3) Fundamental auditing principles, and 4) Auditing guidelines, implementation guidelines and specific guidelines. In 1977, INTOSAI endorsed the Lima declaration, which represents the founding principles of governmental audit. The main aim of the declaration is a call for *independent public auditing*. In the Lima declaration, independence includes several aspects of the statutes and function of the SAI. It declares that, the SAI should be an external audit agency and not part of the government structure, recruitment of staff should be independent from government, the SAI should be able to report its findings to parliament independently, and the SAIs finances should be sufficient for accomplishing its assignment and, if necessary, the SAI should be guaranteed its budget by the parliament.

Furthermore, the Lima declaration stresses that the independence of the SAI should be guaranteed in the constitution, in particular that the head of the SAI, i.e. the Auditor General, should be protected by the constitution. Additionally, as founding principles for governmental auditing, the Lima declaration states some requirements concerning the audit methodology and the audit staff; such as, that it is appropriate for the SAI to provide audit manuals for the auditors, the requirements for the auditors to have the appropriate qualifications to carry out their assignments, and that the SAI should provide for the further development of the staff at the SAI's theoretical and practical skills. Finally, in the Lima declaration the guiding principle of INTOSAI is explicitly expressed, and it is stated that exchanges of ideas and experiences between the SAIs is the: "effective means of helping Supreme Audit Institutions accomplish their tasks".<sup>55</sup>

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54 In addition to the documents referred to, the information about this process is based on interview 33.

55 INTOSAI ISSAI 1, Section 15.1

The second level is standards that constitute *prerequisites* for the function of a SAI, which are based on the five declarations and guidelines; the Mexico declaration on independence,<sup>56</sup> guidelines and good practices related to independence,<sup>57</sup> principles of transparency and accountability,<sup>58</sup> principles of transparency – good practices,<sup>59</sup> and finally the code of ethics.<sup>60</sup> The Mexico declaration on SAI independence is a continuation of the Lima declaration, where the means of attaining independence are in focus. The means in the declaration are illustrated by principles, serving as ideals for how independence should be attained. Although the declaration recognizes that no SAI currently meets all the principles, INTOSAI still aims for them to be applied by SAIs. Accordingly, the declaration is accompanied by guidelines for good practices, where various examples are given for how the principles in the Mexico declarations may be attained.<sup>61</sup>

The guidelines were created in order to see how the eight principles in the Mexico declaration were met by the different SAIs, and they are based upon a case study, including representatives from all regions and audit systems, conducted after the first draught of the Mexico declaration was drawn up.<sup>62</sup> The case study concluded that within two areas the respondents regarded themselves as particularly vulnerable, in regards to independence. The first area was financial and managerial autonomy, where the large majority of the participants declared a lack of power to manage their budget and allocate funds accordingly. In addition, the lack of available appropriate human and financial resources for the SAI, as well as a lack of appropriate expertise at the auditee, was argued by the respondents to inhibit the SAI from attaining independence. The second area was a lack of effective follow up on the audit recommendations, where the

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56 INTOSAI ISSAI 10

57 INTOSAI ISSAI 11a

58 INTOSAI ISSAI 20

59 INTOSAI ISSAI 21

60 INTOSAI ISSAI 30a

61 INTOSAI ISSAI 11a

62 INTOSAI ISSAI 11b

SAIs desired a requirement for the executive to respond to their recommendations.<sup>63</sup>

The standards declaring the principles of transparency and accountability were created to assist internal processes at SAIs develop into transparent and accountable organizations so, as organizations, they could “lead by example” and promote the principles in their practices. In order to provide guidance for the SAIs on how to become such an organization and meet the principles, a guideline with practical examples was adopted. INTOSAI stressed that this is a “living” document, i.e. the SAIs were encouraged to share their experiences as their practices within the area developed.<sup>64</sup>

The fifth and final set of standards, established as prerequisites for the function of a SAI, is a code of ethics.<sup>65</sup> In its preamble, the former Swedish Auditor-General, Inga-Britt Ahlenius, states that beyond the fundamentals of public audit, as declared in the Lima declaration: “the Code of Ethics represents the next level with its statement of values and principles guiding the daily work of the auditors.” She further states that: “One of the principles outlined in the Code of Ethics is the auditors’ obligation to apply generally accepted auditing standards.”<sup>66</sup> The code of ethics consists of 33 articles of ethical principles, covering topics such as integrity, objectivity and impartiality for the individual auditor and the auditors’ relationship to external parties. Besides, as stated by Ahlenius above, the code of ethics, standards of competence and professional development are drawn up declaring that part of the ethics as auditors is following recognized auditing, accounting and financial standards and only to undertake work that they have competence to perform, as well as to improve and update their skills, so as to be able to execute their responsibilities as professionals.<sup>67</sup>

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63 INTOSAI ISSAI 11b

64 INTOSAI ISSAI 21

65 INTOSAI ISSAI 30a

66 INTOSAI ISSAI 30b

67 INTOSAI ISSAI 30a

Standards on the third level, established as fundamental auditing principles consist of four parts; basic principles, general standards, field standards and reporting standards. INTOSAI stated that these standards were developed to establish a framework for public audit practices. The basic principles contain logical principles and requirements, basic assumptions as well as consistent premises, which in particular should be applied when no specific audit standards apply to the situation.<sup>68</sup> The general standards include standards for the expected qualifications of individual auditors as well as qualifications for the organization in general. In the general standards, it is prescribed that the SAI should adopt policies and procedures for recruiting qualified personnel, as well as for continuously training and developing the skills of the auditors. Furthermore, the general standards include requirements for the SAI to provide written guidance, such as audit manuals, to the auditors. Additionally, the general standards contain a section where ethical considerations are formulated, where aspects similar to those stated in the code of ethics are included. However, in the general standards, the situations where the standards apply are more specific and directed more towards the organization than to the individual auditor.<sup>69</sup> The field and reporting standards aim at providing guidance in the audit process, covering the planning process, supervision and review, standards of compliance with laws and regulations, audit evidence and standards for the reporting procedures.<sup>70</sup>

The fourth and final level of the INTOSAI standards includes auditing guidelines, such as implementation guidelines and specific guidelines. These guidelines aim at translating the fundamental auditing principles into more operational guidelines, which should be sufficiently specific to be used by auditors on a daily basis. As discussed earlier in the chapter, the ISSAIs build on the international standards for the private sector (ISAs). Hence, in the specific ISSAIs for auditing guidelines, the adequate ISA is referred to and a practice

68 INTOSAI ISSAI 100

69 INTOSAI ISSAI 200

70 INTOSAI ISSAI 300; 400



note for the specific conditions of the public sector is added. The development of the ISSAIs is a continuous process, new standards are developed and changes are made in the previous standards. Currently, more than forty different implementation guidelines have been endorsed, covering areas such as terms of engagement, audit documentation, planning an audit of financial statements, audit sampling, forming an opinion and reporting on financial statements<sup>71</sup> etc. The specific guidelines include areas such as guidelines on auditing international institutions, environmental audit, auditing of privatizations, IT audit, audit of public debt, and guidelines on audit of disaster-related aid.<sup>72</sup> In addition, INTOSAI has developed a number of documents for guidance of good governance, which cover topics such as internal control standards for the public sector and coordination and cooperation between SAIs and the internal auditors in the public sector.<sup>73</sup>

## **A Supreme Audit Institution**

The extensive range of international standards as presented above implies difficulties in studying the adoption and possible adjustment of standards to local circumstance, at the Supreme Audit Institutions in Namibia and Botswana. Accordingly, an operationalization of the major features of Supreme Audit Institutions, as stated in the international standards and as emphasized in the literature on public audit, will be outlined as a model. The use of the literature is necessary to sort through all the standards and to decide the feature in the standards to study. As will be demonstrated, several aspects emphasized in the literature are also argued in the standards to be important features of a Supreme Audit Institution. Hence, there is no contradiction in basing the model on the standards as well as the literature.

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71 INTOSAI ISSAI 1210; 1230; 1300; 1530; 1700

72 INTOSAI ISSAI 5010; 5120; 5210; 5310; 5410; 5440; 5500

73 INTOSAI GOV 9100; 9150

## Independence

The significance of independence in the work of the independent auditor is so well established that little justification is needed to establish this concept as one of the cornerstones in any structure of auditing theory.

(Mautz & Sharaf 1961, p. 204)

A dominant characteristic of audit in the literature as well as in the standards is independence. When White and Hollingsworth (1999) discuss the constitutional role of public sector audit they emphasize independence. They consider independence as the most central foundation of public sector audit, an independence that they argue should be guaranteed by the constitution. White and Hollingsworth are not alone in stressing the importance of audit independence, most scholars regard independence as the most fundamental part of the audit concept and argue that audit as a mechanism of accountability relies extensively on the auditors being independent (e.g. Ahlbäck 1999; Cassel 1996; Flint 1988; Mautz & Sharaf 1961; Power 1999; 2005 p. 338). Flint (1988) argues that there would be no need for an external auditor if the auditors were not independent. Without independent auditors, the management of public organizations could just as well present their accounts to their stakeholders, who would have to rely on them. Likewise, when Ahlbäck (1999) argues for the necessity of a body monitoring the public sector to create accountability in the democratic society, her argumentation builds on the need for an external, independent body. The question she raises is not whether independence is necessary, rather to what extent the Supreme Audit Institutions are able to conduct independent audit of the public sector due to organizational arrangements within the government (Ahlbäck 1999). Audit may also be an internal function where organizations can use internal auditors who conduct audits at the request of the management. However, internal auditors are more a management instrument than a mechanism for creating accountability to stakeholders (Flint 1988; White & Hollingsworth 1999).

The importance of independence is also stressed by the auditors' professional organizations. As previously discussed, the main aim of the first declaration of the international community of public auditors is the call for independent governmental auditing. This declaration, the Lima declaration, also constitutes the founding principle of the organization.<sup>74</sup> After the founding principles were stated in the Lima declaration, INTOSAI created further statements and guidelines on independence, such as the Mexico declaration on SAI independence as well as guidelines and good practices related to SAI independence.<sup>75</sup> Moreover, in the code of ethics the importance of the individual auditors acting independently is also emphasized. Although independence is stressed in the international standards, the Lima declaration recognizes that an entirely independent Supreme Audit Institution is not realistic. Independence should rather be viewed in terms of degrees of independence (c.f. Cassel 1996, p. 32). However, the standards state the SAI should have enough functional and organizational independence to be able to carry out its audit mandate and to achieve such sufficient independence, several operational aspects are emphasized in the standards.

To operationalize independence in the model, three significant aspects, which are stressed in the standards of independence, were selected. The first is an independent head of the SAI, i.e. the Auditor General, which in the standards is acknowledged as a key aspect for guaranteeing independence. The standards and guidelines on independence recommend the independence of the Auditor General be protected in a legal framework, preferably in the constitution. In particular, processes of appointment, reappointment and removal from the position should be independent from the executive and protected in the legal framework to the extent that the Auditor General would be able to act without risk or fear of reprisals.<sup>76</sup>

The second aspect of independence emphasized in the standards, is the possibility of full discretion for the SAI throughout

74 INTOSAI ISSAI 1

75 INTOSAI ISSAI 10; 11a; 11b

76 INTOSAI, ISSAI 1; 10; 11a; 11b

the audit process, where there should be no interference from the executive or the parliament. According to the standards, the SAI should be free to select, plan and execute audits independently, with full access to the necessary documents and information from the auditee. Moreover, the SAI on an annual basis should be able to report independently to the parliament on its audit findings.<sup>77</sup> The third and final aspect, through which independence is operationalized, is the ideal of financial and administrative autonomy from the executive.<sup>78</sup> Independence could be guaranteed and operationalized in the two first aspects, but if the SAIs are constrained in terms of resources or have no control over the resources, this independence may be difficult to realize in practice. To be financial and administrative independent implies that the executive should not control or direct the SAIs' access to human or financial resources.<sup>79</sup> To sum up, the independence of the Supreme Audit Institution is operationalized through the three following aspects: (1) *Protection of the Auditor General in the constitution*, (2) *Financial and human resources available without direct interferences from the executive*, (3) *Independent selection of audit areas and report of audit findings*.

## **Standardized work procedures**

Another dominant character of a Supreme Audit Institution is the actual *use* of professional audit standards, in terms of the use of audit manuals and standardized working papers. As discussed in this chapter, requirements of the individual auditor in various parts of the audit process are formulated in the professional standards, which cover the audit process from guidelines on how to determine risk and materiality, planning and executing the audit as well as reporting on the findings and expressing an opinion. All procedures, definitions and the way to judge various situations are regulated in the standards.

77 INTOSAI, ISSAI 1; 10; 11a; 11b

78 INTOSAI, ISSAI 1; 10; 11a; 11b

79 INTOSAI, ISSAI 1; 10; 11a; 11b

However, despite the extensive regulation of work procedures, a certain degree of discretion and personal influences always exists in professional judgments (Öhman 2006).

Auditors constitute a profession which Abbott (1988) argues is distinguished by a claim for abstract knowledge and application of such knowledge to particular cases; i.e. to become an auditor there are requirements for particular theoretical education, as well as applying the theoretical knowledge to practical cases (p. 8). This combination of theoretical knowledge and practical application implies a certain degree of discretion in the professional role. The tension in the audit profession, between a high degree of control and trust in formal procedures and large degrees of discretion, based on trust in the professional judgment has been discussed by several scholars (for a review see Power 2003 p. 380-382). Öhman et al. (2006) argue that too much focus on formal procedures may negatively impact audit as a mechanism of accountability, and they express a concern that the focus in audits then becomes “doing things right” instead of “doing the right things” (p. 89). In their study, the auditors expressed a preference for carrying out audits well embedded in established auditing standards and guidelines. The auditors favored audit areas that were formally well-guided and paid less attention to the audit’s degree of usefulness for the auditee and the stakeholders (p. 105-107).

Standardized work procedures are also embraced by professional audit organizations, and developing standards and standardized work procedures constitutes a large part of their activities. As discussed above, within the professional community there is an extensive range of standards, guidelines and documents defining “best practices”, all in order to provide guidance on working as auditors. Moreover, the importance of guidance is stated in the fundamental declaration, the Lima declaration<sup>80</sup>, which encourages the SAIs to provide audit manuals for the auditors as well as viewing the importance of following standards as an ethical consideration for auditors. Likewise, the code of ethics states that: “Auditors should

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80 INTOSAI ISSAI 1

know and follow applicable auditing accounting, and financial management standards, policies, procedures and practices”<sup>81</sup>

Power (2003) argues that the increased number of standards and standardized work procedures within audit is an expression of a demand for legitimacy and control, where management of audit organizations tend to emphasize more structured audits, in order to control the quality of the audits (p. 381-382). Byington, Sutton & Munter (1990) suggest that the increase in standards and guidelines is a response from the audit profession to external pressures questioning legitimacy. In order to maintain self-regulation and legitimacy for the professional monopoly, threats have been handled through increasing the issue of standards and guidelines. In a similar vein, Jonnergård & Erlingsdóttir (2008) argue that usage of manuals and standardized procedures may contribute to a higher degree of external legitimacy for the profession, at the expense of the individual professional judgment. Byington, Sutton & Munter (1990) exemplify the importance of standards for the profession with court cases that, in deciding on charges of professional negligence, took adherence to professional standards as indicators of whether appropriate and sufficient work had been conducted (p. 309). Consequently, the performance of the auditors is measured against the professional standards, in particular when determining whether any failures exist in the audit process (Flint 1988).

To conclude, regardless of possible disadvantages or advantages with formalized work procedures, in terms of public accountability (Flint 1988; Byington, Sutton & Munter 1990), interests of the auditees and stakeholders (Öhman et al. 2006) or the self-interest of the audit profession (Byington, Sutton & Munter 1990), the individual auditors (Öhman et al. 2006) or management in the organization (Power 2003), constructing mechanisms for standardized work procedures constitutes a significant part of how work in audit institutions is conducted. Here, standardized work procedures are operationalized through the two following aspects: (1) *Existence and*

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81 INTOSAI ISSAI 30a § 30

*use of audit manuals, which build on international audit standards, (2) Standardized work procedures are followed and documented.*

## **Competence**

Not everyone may call themselves an auditor; there is a need for certain skills and qualifications. Since auditors constitute a profession, they are expected to hold certain levels of education and competence defined by the profession. Bédard (1989) claims that the members' knowledge and expertise constitutes the core of all professions, and argues that the uniqueness in the competence is a typical feature for a profession such as auditors (p. 113). In Abbot's (1988) discussion of professions, he argues that professional groups aim to control the knowledge and skill within the profession, and in so doing they exercise authority over techniques and over the abstract knowledge in the area. Through such authority and control, professional groups are able to define and redefine their assignment. As discussed in the previous section, in their ambition to control the audit professionals, a significant part of the work in professional audit organizations consists of formalizing work procedures into standards, guidelines, manuals and working papers. In addition, the audit profession exercises control over the abstract knowledge by determining the requirements for becoming a professional auditor. In order to guarantee a minimum qualification level for individual professionals, and thereby a minimum level of the quality in the audits, the professional, standard-making, audit organizations regulate entrance to the profession by means of exams (Byington, Sutton & Munter 1990; Bédard 1989). Beyond entry level requirements for competence, expertise hierarchies exist within professional audit firms, where the most experienced auditors are found at the top of the organizations, or in areas of specialization, for instance taxation (Bédard 1989 p. 114). The guarantees of competence or professional expertise may be regarded as a prerequisite for the trustworthiness of the audits

(Cassel 1993; Flint 1988). Similar to standardized work procedures, in order to create credibility for audits as trustworthy mechanisms of accountability, the competence of the performers is essential. Cassel (1993) takes this view of professional organizations, which he claims have to guarantee the competence of their individual members, in order to create sufficient credibility for the profession (p. 153-155).

By Flint (1988), competence is regarded as the first requirement of an auditor, a competence attained not only through education but also gained through training and experience. He argues that competence is important for the trustworthiness of the audits not only for the profession but, more importantly, for their opinions and statements in their reports. If there is any doubt about the competence in the audit's examination, it is most likely that the audit opinion, as well as the report, will not to be trusted. Consequently, the audit will be viewed as being of less value in the accountability process. Accordingly, auditors ought to have the capacity and qualifications necessary to carry out audits in such a way that the audits, as well as the audit reports, receive trust among all stakeholders (Flint 1988, p. 48-51).

Another implication of insufficient competence raised by Isaksson and Bigsten (2011) is that it could limit independence. In their examination into how capacity constraints affect independence at the Supreme Audit Institution of Rwanda, Isaksson and Bigsten argue (2011) that the difficulties for the SAI to retain the competent and experienced staff leads to a situation where the SAI becomes more dependent on the auditee. With insufficient competence and expertise, the SAI will have difficulties in demanding appropriate information, as well as being less able to judge professionally the information provided by the auditee.

Likewise, the question of competence is regarded as a significant issue by the professional organizations (c.f. Bédard 1989 p. 113), and in the founding principles of INTOSAI the importance of adequate competence is raised. The 14<sup>th</sup> section of the Lima declaration states the importance of appropriate qualifications for the



audit staff in the execution of audits. Likewise, competence constitutes a part of INTOSAI code of ethics, which state that, auditors: “must not undertake work they are not competent to perform” and that they have: “a duty to conduct themselves in a professional manner at all times and to apply high professional standards in carrying out their work to enable them to perform their duties competently and with impartiality.”<sup>82</sup> According to the INTOSAI standards, appropriate competence at entry level is not sufficient, continuous development of professional skills is also required. The code of ethics requires auditors to take individual responsibility for revision and advancement of their skills in accordance with the development of their responsibility.<sup>83</sup> Furthermore, the Lima declaration states that there is an organizational responsibility for the SAI to provide professional development for the auditors. Through various training programs, in universities as well as in internal programs, the SAI should improve the professional development, theoretically as well as practically.<sup>84</sup> To sum up, in the model competence is operationalized through the two following aspects: (1) *The auditors hold the appropriate level of education and qualifications*, (2) *Possibilities to increase levels of competence through further education and training abilities*.

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82 INTOSAI ISSAI 30a § 28 - 29

83 INTOSAI ISSAI 30a § 33

84 INTOSAI ISSAI 1

<b>Pillars of a Supreme Audit Institution</b>	<b>Operationalization</b>
<b>Independence</b>	<ul style="list-style-type: none"> <li>• Protection of the Auditor General in the constitution</li> <li>• Financial and human resources available without direct interference from the executive</li> <li>• Independent selection of audit areas and report of audit findings</li> </ul>
<b>Standardized work procedures</b>	<ul style="list-style-type: none"> <li>• Existence and use of audit manuals, which build on international audit standards</li> <li>• Standardized work procedures are followed and documented</li> </ul>
<b>Competence</b>	<ul style="list-style-type: none"> <li>• The auditors hold the appropriate level of education and qualifications</li> <li>• Possibilities to increase levels of competence through further education and training abilities</li> </ul>

*Table 2. Operationalized model of a Supreme Audit Institution*

## **Methodology used in the studies of the SAIs in Namibia and Botswana**

In Namibia and Botswana, two rounds of personal interviews were conducted at the Supreme Audit Institutions, the first in June and July 2009, and the second in October and November 2010. In the first round of interviews, the questions were more general in order to encompass a broad spectrum of the auditors' situation, their views on the international standards and how they regarded them in their local context (c.f. Kvale & Brinkmann 2009). In the first round of interviews the main part of the interviews was conducted with auditors in higher positions within the organization, all the interviews were recorded with a tape recorder and transcribed. In the second round of interviews, more specific questions were asked, based on the operationalized model of a SAI. During the second field trip, the interviews were written down as field notes and transcribed shortly after the interview took place. The reason for not using a tape recorder and transcribing the interviews during the second round of interviews was due to the already large amount of empirical data collected. There was a strong familiarity with the area, several facts had already been exposed and some only needed to be confirmed and described more explicitly. To obtain a broad picture and not just a top management perspective, auditors who worked in middle management positions as well as auditors without management responsibility were the focus for the second round of interviews. In addition, although with some exceptions, in general the auditors interviewed had been educated in Namibia and Botswana, respectively.

To create possibilities for the auditors, in particular in lower positions, to speak freely about their work environment, they were ensured confidentiality in the study, i.e. they were assured that their names would not be written in the thesis. Additionally, the individuals interviewed have been allowed to review the quotations taken from their interview and agree to them being used, which

they were also promised when the interview was carried out. In the second round of interviews, some of the interview subjects from the first round were interviewed once again, this was because of their special positions or the opportunity to make use of an already established connection for further information. As this implies, the number of interviews conducted was slightly higher than the number of auditors interviewed. At the Supreme Audit Institution of Botswana I conducted 25 interviews with 18 officials, and at the Supreme Audit Institution in Namibia I conducted 24 interviews with 20 officials.<sup>85</sup>

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<sup>85</sup> See the Appendix for a list of all interviews conducted

## CHAPTER 5

### The National Audit Office of Botswana

The literature review on development and organizations in chapter two resulted in two contrasting propositions. In line with the literature on development, the auditors could be expected to express the importance of conducting audit in line with their local political and administrative cultures and seek legitimacy within their local context. If there were an attempt to implement international audit standards, the auditors in Africa would express the difficulties of introducing such Western models. Most likely, major adjustments would have to be made to the standards to make them suitable for the local environment. In contrast, the proposition in line with the literature on organizations predicts that the auditors would primarily express the importance of conducting audit according to international standards. They would try primarily to gain legitimacy from the international, professional, audit community and imitate other audit organizations. Furthermore, the auditors would view the methods prescribed in the international standards as the most appropriate way of conducting audits and they should adopt these practices with as little adjustment to their political culture as possible.

In order to be able to move beyond what the auditors argued about the relationship between international standards and their local circumstances, an operationalized model of a Supreme Audit Institution was outlined in the previous chapter. This model serves as an instrument for understanding not only their views but

also their actions, and the direction in which they move. The aim is not to describe and analyze their everyday practices and how the international standards are expressed in such practices, rather how they relate to the practices as presented in the model of the SAI, outlined in chapter four.

The chapter is structured as follows. First, there will be a short description of Botswana and an overview of the development of the Office of the Auditor General (i.e. the SAI in Botswana). Secondly, there will be a presentation of the results; first the auditors views about international standards in general, second a presentation of how they relate to the practices outlined in the model of a Supreme Audit Institution.

## Botswana

Botswana is generally regarded as a successful African country with high levels of good governance (e.g. Acemoglu, Johnson & Robinson 2003). Since 1965, Botswana has experienced an average annual growth rate of around 7 percent (Robinson & Parsons 2006; World Bank 2010). This extraordinary growth to a large extent may be explained by the discovery of diamonds in the end of the 1960s. Primarily comprising the mining industry, the production in the country generates a gross national income per capita of 13 204 (PPP 2008 \$).<sup>86</sup> In contrast to other resource rich African countries, the natural resources in Botswana have been managed well by the government and large investments have been made in infrastructure, education and health systems (Acemoglu, Johnson & Robinson 2003). The literacy rate has increased from a situation at independence where about 100 Batswana had passed through secondary school (ibid, pp. 80-83), to literacy levels of 69 percent in 1991 and 83 percent in 2008 (adults above 15 years, World Bank 2008). In addition, Botswana is also recognized to be the least corrupt country in

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<sup>86</sup> To be compared with South Africa with a GNI of 9 812, Kenya 1 628 or Sweden 36 936, all in PPP 2008 \$, UNDP (2010)

Africa. In Transparency International's annual corruption perception index (CPI), Botswana obtained a CPI level of 5.8 in 2010, which is comparable with the average for European countries and much lower than the average for African countries.<sup>87</sup>

The Botswana success is explained to a large extent by sound economic policies, created by a good political leadership and implemented by good political institutions (Acemoglu, Johnson & Robinson 2003; Adamolekun & Morgan 1999; Hillblom 2008; Maudeni 2001; Robinson & Parsons 2006). However, although the country has experienced high levels of growth during a long period, inequality in the country is high; accordingly, the country faces significant challenges in terms of high levels of poverty, as well as unemployment rates around 20 percent (World Bank 2010).<sup>88</sup>

Although Botswana was not a colony in the traditional sense, it did constitute a British protectorate during the period between 1885 and 1966. During the turbulent period in Southern Africa in the nineteenth century, the tribes in Botswana faced an uncertain situation as the Boers in South Africa traveled north. In the search for protection, representatives from the largest tribe, the Tswanas, asked the British to let them become a protectorate. Due to Botswana's strategic position, bordering on the German colony of South West Africa (Namibia) and the Boer states, rather than its need for protection, Botswana was declared as the Bechuanaland Protectorate by the British in 1885 (Acemoglu, Johnson & Robinson 2003). Together with the other British protectorates, Basutoland (Lesotho) and Swaziland, during the period until independence in 1966, Botswana was governed by the British high commissioner in South Africa, from the administrative capital Mafikeng (Mafikeng). The British did not spend much on infrastructure or on further development in the protectorates (Robinson & Parsons 2006). At the time of independence, there were only 12 kilometers of paved road in the country and, in addition to the 100 who had passed through

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87 For instance, compared to South Africa with a CPI of 4.5, Kenya 2.1 and Tanzania 2.7 in 2010

88 For a discussion of inequality in Botswana, see Hillblom (2008)

secondary school, there were only 22 Batswana who had graduated from university. Since there was no university in Botswana, they had all acquired their education abroad (Acemoglu, Johnson & Robinson 2003, pp. 80-81).

In 1966, the protectorate became the Republic of Botswana. The Botswana Democratic Party (BDP), won the first elections with 80 percent of the votes in 1965, and although the number of votes has declined since independence, the BDP has won every election to the National Assembly following the first elections (Acemoglu, Johnson & Robinson 2003; Adamolekun & Morgan 1999). In the constitution of Botswana, the power is centralized to the central government. The executive power is held by the President, who is elected by the National Assembly. The National Assembly consists of 31 elected members, and 4 members especially appointed by the President. The traditional tribal chiefs are gathered in the House of Chiefs and act in an advisory role to the government (Acemoglu, Johnson & Robinson 2003; Adamolekun & Morgan 1999).<sup>89</sup> In 1966, when the country became independent, the administration faced a challenging situation with hardly any educated citizens. As a consequence, the new government decided to keep expatriates, primarily British, and to continue to use foreigners, as advisors working in the government, until there were enough educated citizens to replace them (ibid).

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<sup>89</sup> For a discussion of the role of the traditional chiefs, see also Jones (1983)



## The Office of the Auditor General

Prior to independence, the headquarters for the governmental audit in the protectorates (then Bechuanaland Protectorate) was placed in Pretoria, South Africa. It was named the High Commission Territories and included apart from Botswana, also Lesotho (then Basutoland) and Swaziland. A senior auditor was placed in each country, in Botswana the senior auditor was placed in Mafikeng, which at that time was the seat of government.

By the time of independence, in 1966, Botswana obtained its own national audit office, which in the 1970s was given the name Office of the Auditor General (OAG) of Botswana.<sup>90</sup> After independence, Botswana was unable to finance its audit office so it was granted aid by the British. In addition, the British assisted the OAG with technical support, as well as providing funds for training. The public officials in Botswana could apply for funds and then attend training courses or work on attachment in another audit office for a time, in the United Kingdom or in another Commonwealth country. During the first period after independence, the office was thirty to thirty-five people in size, whereof five were qualified auditors, all British. An interviewee described the work situation at that time as elementary, and that the difference between how they worked then and how they work now is large. Unlike now, back then they did not audit the accounts of the departments and ministries. They picked up on small items and details in vouchers and if they found something strange they made individual inquiries about these details. In the reports to the Public Accounts Committees in the National Assembly, they reported how many inquiries they had sent to the auditee and whether the auditee had cooperated with the Auditor General or not.<sup>91</sup>

The first as well as the second Auditor General were both British and were only contracted for 2-3 years. The third Auditor General was a Botswana citizen who was appointed as Auditor

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90 Office of the Auditor General of Botswana, 1995; Interview 25

91 Interview 25

General by the President, in accordance with the constitution. It was possible for the Botswana government to have British officers working in their government due to the quite generous adjustment allowances the British government paid the officers. The allowances paid the difference between the low domestic salary and a British equivalent, and thus made the work in Botswana attractive for the foreign officials. The British government stopped the allowance programs as well as the assistance programs to Botswana in general in the middle of the 1980s, and the British officers were phased out of the Botswana public administration.<sup>92</sup>

Since independence, officers from the OAG have participated in various short-term courses abroad with the aim of increasing the capacity of the office. Such courses have been provided within the Commonwealth, but also within the INTOSAI community. When the INTOSAI Development Initiative (IDI) was established in 1986, the aim was for it to become a focal point to which all developing countries could turn for information and advice about accounting and auditing programs. The focus in these programs was on increasing the basic skills in auditing and accounting practices through training (INTOSAI 2004). The IDI in cooperation with the Overseas Development Administration in the British National Audit Office drew up the first audit manual for the OAG in Botswana. The manual was sent to the office in 1993, and a few officers from the OAG were sent on a “training the trainers” course covering the content in the manual. The idea behind “training the trainers” courses was to train a few people in the office, provide them with training material so they could train the rest of the staff in their own office, in this case in the use of an audit manual. The capacity building projects in cooperation with the British National Audit Office and the IDI were not the only development cooperation at the OAG. In the 1990s, the Swedish National Audit Office (SNAO) developed an institutional cooperation program with the office. The development cooperation project between the OAG and the SNAO started in 1992 and lasted until 1998.

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92 Interview 25

In 1998, INTOSAI's Development Initiative was building regional organizations through which they could work in the region. In the English-speaking countries in Africa, the regional organization became the AFROSAI-E. The OAG in Botswana is a member of AFROSAI-E, which involves the auditors at the OAG participating in seminars and conferences, which are arranged within the organization. Apart from participation in the regional activities of the AFROSAI-E, the office has also had bilateral agreements with AFROSAI-E.

### **Best practices, membership and a globalized world**

Changing the work methodology, in line with higher compliance with international standards, was generally viewed by the auditors at the OAG in Botswana as a positive change in the organization. The advantages were argued to be that the work procedures and reports would be of higher quality if international standards were followed. One auditor explained that without such standards, work in the office was not systematic and different sections in the office would work in different ways. Following international standards implies a higher level of unification of the work within the office, which was viewed positively by the auditors. They claimed that by following standards it would be easier to recognize the appropriate level for how the work should be done,<sup>93</sup> which appeared to be a natural approach for them due to their profession. An interviewee argued:

You cannot call yourself an accountant if you don't follow the international standards for accountants. If we want to be regarded as an organization with a certain status, we have to follow standards.

(Interview 21)

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93 Interview 27

As professionals, the auditors at the OAG in Botswana regard themselves as a part of the international community of auditors and using international standards enables them to benefit from the work of other auditors, instead of creating their own standards and work methodologies.<sup>94</sup> As members of the INTOSAI, they see no reason deviate from what this organization recognizes as best practice. One auditor argued as follows:

If there are rules laid down that suit everybody, why shouldn't you follow those rules? The so-called best practices ... why should you deviate when there already is recognized best practices? Why should you create your own rules? Why should you invent the wheel when it is already there?

(Interview 25)

The view of this auditor is significant for the interviewees, where they argued that there was no real reason for them to create their own procedures. Creating their own procedures and standards for the office would rather take time and resources, which they did not consider available.<sup>95</sup> In addition, the auditors at the OAG argued that using the same audit methodology in all countries around the world could only be to their advantage, since they could then benefit at the OAG in Botswana from the experiences of others:

Maybe you are having difficulties ... but if you know other countries are doing exactly the same thing then the ... you could ask and learn from others how they overcame certain problems, if they are having any.

(Interview 26)

The advantages of using the same auditor structures and practices around the world are also expressed in more individual aspects. Similar systems and practices among the Supreme Audit Institutions around the world would open up opportunities for the auditors in

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94 E.g. Interview 24, 23, 36, 25

95 Interview 24,

Botswana since they could then go anywhere in the world to work.<sup>96</sup> Moreover, familiarity with working methodologies according to internationally determined standards would make it possible for the auditors at OAG in Botswana also to work in international organizations such as the UN, which appoints auditors for international assignments.

Supporting the literature on organizations and what was formulated accordingly in the proposition, the auditors at the OAG in Botswana have a clear professional identity, which become evident when they discussed their views of the international standards. As the two first quotations above illustrates, the auditors regarded it as natural for them as professionals to follow the practices drawn up by their professional organizations, and they saw no reason why they should not follow this “best practice”. The legitimacy for the way they conduct their work is directed here towards the international audit community, of which they are members, rather than their own country. In addition, the auditors argued there were several advantages in using the international standards in their organization, it was claimed to improve the actual work in the office and when they have difficulties, they could learn from other countries (c.f. Kennedy & Fiss 2009). There is little support here for the line argued in the development literature about the importance of developing their own solutions or the necessity of making substantial adjustments to the standards, neither for domestic legitimacy nor for the actual work situation.

International recognition is not only essential on a professional level. In an interview, the importance for the country to be able to demonstrate that it was an accountable and open nation internationally was highlighted. Here, ratings of nations by international organizations like Transparency International were mentioned and it was argued that such opinions are respected worldwide, and could affect the extent to which foreign investments are made in a country. The large impact the opinion of international

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<sup>96</sup> Interview 21, 29, 28, 36

community has on countries means a country is not able fully to choose freely, even though the standards are voluntary:

If we want to be role players in this globalized world or village or whatever you want to call it, I don't think we have any choices to whether we can follow standards or not. Otherwise you risk you know ... being irrelevant and redundant

(Interview 26)

Since the Auditor General's Office ensures that the government finances are properly accounted for, the OAG views itself as key for demonstrating the trustworthiness of the government. Accordingly, it was argued that foreign investors and the donor community are interested in whether the office works according to internationally recognized standards.<sup>97</sup> One auditor claimed that the only disadvantages from similar audit procedures around the world would be if a country was performing badly and did not want this to show in the accounts or in the audit reports. In such cases, if the country used its own kind of audit standards it would be possible for it to create its own versions. As a consequence, the auditor claimed that common procedures and a common understanding of audit practices on an international level could only be positive.<sup>98</sup>

The quotation above supports the argument in the development literature, i.e. countries in Africa often do not have a choice due to the pressure from the international community and from donors. Since developing countries may be regarded as having more to prove on an international level, they are also much more affected by the international community's ratings and opinions. However, the auditor's opinion, presented above, on how similar audit systems and practices in all countries may prevent countries to a larger extent from cheating with their finances, can be interpreted as

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97 Interview 28, 22, 26

98 Interview 28

professional ethics going beyond national borders, thus supporting the theory of isomorphic pressures among auditors on an international level. For the auditor, it was more important that the finances were kept in order in the country and use of common practices internationally made it possible to control that the work was done properly. “Home-grown” solutions would rather create possibilities for countries to present an incorrect picture of their finances, which the auditor regarded as undesirable. This view is thus in contrast to that presented by development scholars of the importance for African countries to develop their own models and structures.

### **We follow standards - we do not follow standards**

Although the auditors argued for the importance of following standards, some auditors did also emphasize flexibility in the standards. They argued that there may be laws in a country that could not be aligned with the standards, in such situations the country’s laws naturally had to be followed. The standards have to be customized to the legal framework and the constitutional prerequisites.<sup>99</sup> One auditor who emphasized the importance of the country’s laws added that he thought that in general the office followed standards.<sup>100</sup> Another auditor, despite arguing for the importance of following internationally recognized standards, also claimed that there is: “too big a thing made about the international standards”. He stated that before, the standards were: “a bit more relaxed and not as rigid as they are today”. Moreover, the same auditor argued that the basics were and always had been the same for an auditor, it always concerns the verification of assets, expenditures and utilization of resources and in the office they followed these basic rules.<sup>101</sup>

If these answers indicate that there is room for adjustments as well as fairly large deviations from the standards, due to their

99 Interview 23, 24, 30

100 Interview 23

101 Interview 25

flexibility and how what is implied in following standards is interpreted, this was not agreed upon by all auditors. One auditor explained that people in the office may say they were following INTOSAI standards in their work when they actually were not:

The office is always talking about standards, it is only that the staff ... are not really aware of the standards ... The only thing they know they would say is that their auditing is in line with INTOSAI standards. But if you can ask somebody, can you just tell me about any of the standards you know? I doubt that you will get a response. You will find that it is just talk.

(Interview 27)

This auditor claimed that the recommendations in the standards were not so different from what they had learned in accounting. She stated that the difference between what they do, and the requirements in the standards, is references to the standards in the documentation. Referring to various standards throughout the documentation would be the appropriate procedure according to the standards, but according to the auditor, this was not always the procedure in the office. As shown in the quotation above, the failure to quote the standards was explained mainly as a consequence of the limited knowledge about the standards.<sup>102</sup> Another auditor argued that they had been “cheating” in the office, since they said that they followed standards, when they actually did not. The same auditor stated that there was limited flexibility in the standards. According to him, the standards are strict, “you can’t say that you are following them, if you are not”.<sup>103</sup>

Actual adjustments made by the office to the standards will be included in the discussion on each criteria of the model in following sections. However, when the auditors argued that there was need to customize the standards to their circumstances, they were asked to

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102 Interview 27

103 Interview 21



give examples of such adjustments. The main approach among the auditors in the office was that customization mainly comprised minor aspects. For example, the Botswana government uses a cash based accounting system, and the standards are designed for an accrual system, which implies that they cannot use the working papers for balance sheets. For the auditors working with central government, the major issue with the new manual was that the international standards stated that you should audit a ministry as a whole and produce a certificate for one ministry. In Botswana, the procedure was instead to audit departments, within each ministry. As an example, they audited three or four departments within a ministry per year, and they then changed departments on an annual basis.<sup>104</sup> It was not clear, whether they had changed the procedures in the office in line with the international standards or if they had kept their old way of audit, i.e. by department. Some auditors stated that for various reasons they would not change procedures, others claimed that the approach to audit ministries as a whole was more beneficial; indicating that this new procedure was used.<sup>105</sup> Another aspect of the international standards, where they had to make adjustments, was expressed by an auditor in a management position. The manager claimed that the requirements for competences in the standards could be difficult for them to fulfill as they had a certain number of people working in the section and they had a certain level of education:

You only have these people, whether the people have the competences for this audit or not. You just have to make do with them. That is really the main thing.

(Interview 22)

Apart from the examples above, in interviews it is claimed that when they customized the regularity audit manual, which they received from AFROSAI-E, they did not actually change anything. Only the name on the outside was changed, to become Office of the Auditor

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104 Interview 22, 25, 36, 27

105 Interview 25, 33, 36

General in Botswana.<sup>106</sup> Furthermore, some of the interviewees even stated that there was nothing in the standards that could not be applied in Botswana.<sup>107</sup>

Say that you merely follow international standards without changing anything in practice, as illustrated in a quotation above, supports both the line development scholars who argue this is common for African public organizations as well as what organizational scholars who argue this is common for organizations in general. However, at OAG in Botswana, it is argued that the partial use of international standards is the result of limited knowledge and competence concerning audit methodologies among some of the auditors. Thus, this does not support the main argument in the development literature, where it is argued that the adaptation of structures is separated from the actual practice due to large differences in the political and administrative cultures in the West and in Africa. Rather it supports the less remarkable argument advanced by some development theorists, i.e. Western administrative structure and practices may be difficult to implement in African countries due to differences in capacity and competence.

The division between those auditors who viewed the standards as very flexible and those auditors who regarded them as strict could also be regarded as a consequence of knowledge, where the extent of knowledge and socialization within the profession affects relations to them. If there is limited education, there is a higher chance that an individual auditor are less socialized into the requirements of the profession, thus more likely to regard the international professional standards more as a general framework with large amount of discretion (c.f. Berger & Luckmann 1967). Yet, several auditors still claimed that adjustment to their circumstances was only minor, more technical aspects, for instance whether to conduct audits by department wise or by ministry, consequently the results support the arguments presented by organization scholars who claim

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106 Interview 22, 21

107 Interview 28, 29

the professions' isomorphic mechanisms influence how organizations act (DiMaggio & Powell 1983). We now turn to a presentation of the results according to the operationalization of international public audit standards, which was outlined as a model in the previous chapter. The three pillars of the model were independence, standardized work procedures and competence, and the results will be presented in that order in the following sections.

## **Independence**

### **The Auditor General – protected in the constitution**

A part of independence, which is significantly emphasized in the international standards, is protection for the head of the SAI, the Auditor General (AG). In the standards, it is stated that the Auditor General should be appointed according to specific procedures written in the constitution. In order for the AG to be able to also conduct inconvenient investigations and publish such reports, it should be difficult to remove her or him from the position. To ensure the independence of the Auditor General, these procedures should be explicitly expressed in the constitution.

In Botswana, the procedures for the appointment and removal of the Auditor General were established in the constitution by the time of independence, and have not been changed since. In Botswana's constitution it states that the President appoints the Auditor General and that he or she may stay in the position until retirement at the age of 60. Conditions and procedures for removal of the Auditor General before retirement age are also stated in the constitution. In paragraph 114, it is written that the Auditor General may only be removed from the position if there is an inability to perform the duties or if there is misconduct. If such a situation occurs, the constitution draws up specific procedures for how this is to be handled. First, the National Assembly has to approve an investigation into the removal,

the assembly then appoints a tribunal to examine the situation and report to the National Assembly. The National Assembly then decides whether the Auditor General is to be removed or not from office (Government of Botswana 1966).

The former Auditor General left office before retirement. He was however not removed, in interviews it was explained that he wanted to become more involved in politics.<sup>108</sup> Unlike his predecessors, the current AG has only been appointed for five years, with the possibility for reappointment. This is a change in practice, from the former appointments that lasted until retirement. In interviews, various explanations are given for the new practice. Some argue that INTOSAI recommends that the AG should be appointed for five years, with the possibility to be reappointed once<sup>109</sup>. Others claim that this is a weakness in the position of the Auditor General. If the AG becomes uncomfortable, he might not be reappointed after the first five years. As a consequence, an interviewee argued, the Auditor General has to be more careful in how he acts and what he expresses.<sup>110</sup> Auditors however did claim that the reform to appoint higher public officials on shorter contracts, instead of employment until retirement, was a reform that applied to several higher positions within the government, not only to the Auditor General. To facilitate improvement in the public administration it had been decided to make it easier to remove officials from their positions.<sup>111</sup>

According to the auditors interviewed, there never has been a situation where an Auditor General has been removed, or investigated for removal, from office. In the main, the relationship between the Auditor General and the government was said to be good, and no interference was said to have occurred in the work of the Auditor General. It was argued by some that the constitution gave the Auditor General sufficient independence, even to the extent that inconvenient decisions concerning the President were taken. However, it was also

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108 Interview 28

109 Interview 28

110 Interview 33

111 Interview 28, 32

explained that the role of the Auditor General was not to criticize the government, but rather to advise it.<sup>112</sup> Auditors, who were a bit more critical about the change of employment terms for the Auditor General, yet argued that employing the Auditor General on shorter contracts was not really a problem. To explain, one auditor claimed that the Auditor General could be considered as a political position where the arrangement, where the President makes the appointment, implies a situation where the Auditor General would not criticize the government in public. The same auditor added that it would be better if the Auditor General were appointed by the parliament.<sup>113</sup>

The Office of the Auditor General in Botswana fulfills the requirements in the standards for ensuring independence for the head of the SAI. It has drawn up conditions and procedures in the constitution, which it appears to have applied over the years without any conflicts with its national circumstances. This supports the argument that the OAG primarily seeks for legitimacy within its field of other Supreme Audit Institutions, where in order to become legitimate it adopts practices accepted by its professional peers.

The changes in the term of employment for the Auditor General, from permanent until retirement to becoming a period of five years, with the possibility to be reappointed once, are difficult to interpret. On the one hand, one auditor claimed that the new procedures were more in line with the formulation in the international standards thus they were moving towards higher compliance with the standards. In addition, it was argued that the change in the length of appointments to higher positions in the government was a change intended to improve the effectiveness of the government administration. Thus, this supporting the organization literature and what Kennedy and Fiss (2009) argue, i.e. that change in organizations is not only due to social motives, but performance improvements have also been shown to be important motives for why certain practices are adopted in organizations. On the other hand, as argued by others,

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112 Interview 21

113 Interview 33

it may imply weaker protection for the Auditor General and as a result affect the possibilities for independent action, as required in the standards. In addition, the international standards do not give guidance on whether the Auditor General should be appointed by the President or the parliament. Consequently, although the Auditor General is appointed by the President, which was argued by some auditors to influence the possibilities for independent action, this does not relate to how the international standards are handled by the OAG.

### **Financial and human resources are available without direct interference from the executive**

Another significant part of independence is the operational capabilities in the office, in terms of whether financial and human resources were available without direct interference from the executive. The ideal for a Supreme Audit Institution would be to receive its budget directly from the parliament, as well as being able to employ officials without any involvement from the government.

The Office of the Auditor General in Botswana is part of the government structure. This means it receives its budget from the President's cabinet, and it is an integrated part of the government in terms of policies that affect personnel and other government expenditure. According to the auditors in the interviews, the office is negatively affected by this situation. For instance, when the government decides to cut expenditures, the office is seriously affected. Some auditors argued that regardless of whether they were independent or not, there would not be any major changes, as they would still be dependent on public resources.<sup>114</sup> These auditors were exceptions however, the main approach by the auditors was rather that the lack of financial independence was greatly to their disadvantage, and they argued that an independent office would improve their

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114 Interview 25, 21

financial situation.

The limited financial independence impacted on personnel policies in the office. Auditors in management positions claimed that they were short of staff and that they did not always have people with the correct competence, a situation that limited their operational capabilities.<sup>115</sup> The office could not decide what kind of positions should be created, or on salary levels, as these procedures were fixed within the government. If it wanted to make an exception to the government's general policy, it would have to justify such exception to the central government.<sup>116</sup> For instance, at the time the field work was conducted there was a recruitment freeze within the government. For the OAG this meant that the office could not fill the vacant posts in the office. One auditor argued, "How can you do a good audit if you are not given the resources."<sup>117</sup>

As a part of the limited financial independence, salaries appeared to be an important explanation for why the office had difficulties attracting the correct competence, as well as retaining auditors in the office. Salaries within the government were much lower than in the private sector, consequently the office had difficulties hiring individuals with higher degrees in auditing. Neither had the office any possibility to make adjustments within the office and choose how salaries were to be set, in order to keep auditors who performed well. Moreover, employment in the office could have implications for the possibilities for further training and education. Nevertheless, since the office was not able to increase their salaries to the level of the private sector, auditors left the office for the private sector, after they received the attractive education.

The situation at the OAG supports what development scholars argue is common for public organizations in Africa. Since they are not given sufficient resources, they find it difficult to conduct their work appropriately, the low levels of salaries is argued to affect them negatively since they have difficulties in recruiting the competence

115 Interview 21, 22

116 Interview 28, 21

117 Interview 21

needed as well as continuously losing staff to better paid positions (Hilderbrand & Grindle 1998; Klitgaard 1989; Olowu 1999). The auditors argued that to a large extent this situation is a consequence of them being part of the government structures and not being able to take independent decisions about their own resources. Therefore, where the inadequate operational capacities were regarded as a problem by the auditors, they argued that implementing what is laid out in the standards (financial independence) would improve their situation. This conclusion, which the auditors drew for ways to improve their situation, may be regarded to be in contrast to the conclusion drawn by development scholars, i.e. that due to limited resources and capacity, what is laid out at the international level needs to be changed and adjusted to the circumstances.

The auditors' ambitions for obtaining more financial independence were also shown in how they had acted through the years. The OAG has made efforts to obtain a change in the legislative framework for the SAI, in order to obtain more independence. However, this process had been continuously delayed by the President's cabinet, and as a result the changes had never come to pass. At the time of this study, the office was negotiating with the government for a separation of the "State Financial and Audit Act". The separation would mean that the OAG would operate under its own legislation, yet nothing in the content of the act would change, i.e. with the new act, they would not have more independence. For the auditors in the office however, this was regarded as a first step towards independence. The office then planned to expand their independence gradually by eventually asking for more budget and staff responsibilities. Since the auditors in the office felt the government was not at ease with discussing an independent audit office, the auditors had reframed the question and instead had started with a less threatening issue, such as a mere separation of acts.<sup>118</sup> Although a new act would not involve any actual changes in the office, when the act was discussed in interviews, most auditors in

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<sup>118</sup> Interview 21, 24, 28



all positions, were very positive about the legislation and believed it would imply more genuine independence for the office for instance, the ability to determine salaries and other personnel policies.<sup>119</sup> The reason for including a description of how they were trying to change the legislation under which they operate is to illustrate that what the auditors claimed to be important in terms of independence is not something that is merely talk. The auditors in the office were also taking action to obtain more independence from their government. Thus, what it says in the standards was not regarded by the auditors as problematic or largely in need of adjustment to their circumstances. On the contrary, they viewed their government as an obstacle to improvement in their situation.

### **Independent selection of audit areas and report of audit findings**

One measure of independence is the possibility for the SAIs to select and report independently on public entities. An effect of being an integrated part of the government financially could be possible interference with the auditors' work. However, according to some of the auditors, this was not the case at the OAG, and they clearly stated that their situation with its lack of independence was not a problem with respect to the selection of audits and how audit reports were written. They argued that the government never interfered with the work at the OAG, nor was the opinion of those audited allowed to influence the contents in the reports. Consequently, it was claimed that the OAG is free to select and report on its audit findings.<sup>120</sup>

In Botswana, the reports of the Auditor General are made public. An interviewee mentioned that some auditees had complained to the office about negative publicity, when they saw the audit findings in the newspapers. Other auditors also gave examples of situations where auditees had not been comfortable with the content in the

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119 Interview 30, 31, 36

120 Interview 28, 21

report.<sup>121</sup> Nevertheless, they stated that such unhappiness about the reports did not cause them to change anything in the content of the reports.<sup>122</sup> According to several of the auditors, situations such as the above, where auditees complained after the reports had been published, were unusual due to the design of the audit process. The audit process involved discussions between the auditors the auditee concerning the findings, before the report is written. Hence, the auditee was well aware of the content of the report, and they had a chance to comment on the report before it was made public. One auditor explained it as follows: “One or two may not be happy about the report but management review was conducted and you had your chance, why make noise now?”<sup>123</sup>

Although the auditee was argued not to have the possibility of influencing the content of the reports, the auditors claimed they took explanations as well as the auditees’ situation into account before they decide what was to be published.<sup>124</sup> In this case, it was also explained that the role of the OAG was not to criticize, but rather to advise the auditee and the government. Consequently, they found no reason to report harshly on the findings for the auditee. An interviewee argued that the more advisory approach of the OAG was new. Earlier, he said, the OAG had enjoyed criticizing, but it had changed its approach and now embraced a more responsible position and aimed for its recommendations to result in improvements for the auditee.<sup>125</sup> The auditor argued that this had made their findings and recommendations more acceptable.

Taking more of an advisory position towards the government was not appreciated by all auditors. Some of the auditors viewed this approach as expressing the office’s lack of independence. They also claimed that the new approach to audit with focus on internal controls made the audit reports harmless.<sup>126</sup> It was argued here that

121 E.g. Interview 24

122 Interview 32

123 Interview 21

124 Interview 21, 24

125 Interview 24

126 Interview 36, 33

parliamentarians were more interested in how much money had been stolen or had disappeared from the government, but the OAG reports merely focused on risks and controls, which made the report of the OAG not particularly interesting. In addition, it was argued that the new “advisory” approach influenced the motivation for conducting the work. In addition to the low salaries, the auditors did not find it satisfying when they felt that their audit findings in the published audit reports were changed into more harmless formulations of risk and internal controls. It was argued that this experience of an unsatisfying work situation was partly the reason for the high staff turnover.<sup>127</sup> The different perceptions among the auditors of whether they had an advisory role or if they should take more of a critical position towards the government, may be regarded as different ideas of the role and responsibility of the auditor. The audit profession has been criticized as not living up to the expectations of its stakeholders, within this expectation gap auditors have been criticized as writing reports which may be difficult for non-auditors to understand as well as for not regarding it as their obligation to detect and report on fraud and corruption (Cullinan & Sutton 2002; Hanberger 2009; Larsson 2005; Öhman et al. 2006). This critique of the audit profession applies to the situation argued by critical auditors to be the one at the OAG. From this aspect, the change at the OAG, towards becoming more advisory and not directly reporting on fraud but rather discussing internal controls and risks, implies that the office has moved closer towards the character of the profession as described in the literature, which may be regarded as confirming the influence of professional norms on the actions of organizations.

The non-uniform answers among the auditors, where there was a difference noted between auditors in higher and lower positions, could be a consequence of a network effect, i.e. auditors in higher positions had been involved to a greater extent in international networks through AFROSAI-E and INTOSAI and thus adopted to a greater extent the international approach to the auditors role

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127 Interview 36

and responsibility (c.f. Casile & Davis-Blake 2002; Galaskiewicz & Wasserman 1989; Gibbons 2004; Reagans & McEvily 2003). Another interpretation for the answers given in the interviews could be that the office, due to its limited independence, was not free to select and report on the auditees as it would with full independence. However, it was claimed that before it changed the way of reporting, it used be much more critical of government entities in its reports. Nevertheless, it was no more independent at the time when it reported more critically, i.e. it had changed its approach to reporting without any changes in independence. Consequently, it is difficult to draw the conclusion that the way reporting is conducted today is merely a consequence arising from the position of limited independence from government. It may also be a change in the view of its professional role.

## **Standardized work procedures**

### **Existence and use of audit manuals which build on international audit standards**

When international standards were discussed in interviews, an interpretation made by auditors was that the implementation of international standards equaled the implementation and use of audit manuals. In interviews, the audit manual was explained as functioning as guidance for them as auditors. Their daily work was conducted according to working papers, which they filled in and the audit manual was used when there was uncertainty or where the work needed clarification.

The OAG in Botswana over the years has introduced several different manuals in the office, starting with the manual produced in cooperation with the British National Audit Office and the INTOSAI Development Initiative (IDI) at the start of the 1990s. To implement the manual in the office, a few people were sent on a “training the

trainers” course for a few weeks, where they were given training material. When they returned to their OAG they were supposed to train the rest of the auditors on how to use the audit manual. The British manual was never implemented in the office, an auditor who had been trained as a trainer explained that when he returned from the course he had to carry out his normal assignment, and there was no room for training the other auditors at the office.<sup>128</sup>

Within the development cooperation project between the OAG and the Swedish National Audit Office (SNAO), between 1992 and 1998, another audit manual was produced. While some auditors claimed that there were courses and workshops at the time, as a part of the implementation of the manual, others argued they were just handed the manual without any further explanation or training. In a similar manner as the British, the Swedish manual was not used at the OAG. There were various explanations for why the Swedish manual was never used in the office. One explanation was the lack of training, where only a few auditors attended workshops on the manual, others were handed the manuals without any further explanations of how to handle them.<sup>129</sup> The auditors who attended the workshops however argued that this was not enough training and that it was difficult for them actually to change anything in the office after the training.<sup>130</sup> One of the auditors added that when auditors at the office attended workshops, they would agree on everything said there. However, when they returned to work, nothing changed they would just continue to work the way they used to.<sup>131</sup> Additionally, when difficulties in implementing the manuals were discussed with another auditor in management position, he advanced the same arguments. He argued that the auditors usually agreed while they were participating in a workshop, even though they did not understand why they should change their work methodology. He added that training a few people in the office was not especially effective. The

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128 Interview 24

129 Interview 22

130 Interview 17, 24

131 Interview 24

few trained auditors would face difficulties when trying to implement the new methodologies in the rest of the office.<sup>132</sup> In corporation with the AFROSAI-E, the ambition in the office had been to adopt and implement a new audit manual in the office. In 2007, two teams with six auditors in each were taken through the new audit methodology, in a pilot study. The two teams in due course were to train the other auditors in the office. The group held two workshops between 2007 and 2010, where auditors in the office were taken through the audit process, in accordance with the new manual.

The manual was officially adopted by the OAG in 2008 and was originally a generic document produced by AFROSAI-E, which was supposed to be customized by each SAI. The customization of the manual was described by the auditors at the OAG, as changes to minor aspects, such as changing the name on the outside of the manual to OAG Botswana as well as referring to their own legislation in the manual. In addition, smaller things in the engagement letters and the checklist questionnaires were also mentioned as examples of customization.<sup>133</sup> Another difference between the generic AFROSAI-E manual and the circumstances in Botswana was the accounting system, the Botswana government uses a cash based system, which meant the procedures in the manual, which are intended for an accrual system, were not possible to use.

For auditors who work with central government, the AFROSAI-E manual has been problematic, since it was designed to audit accounts on a ministry level. In Botswana there are not separate accounts for each ministry, the Accountant General only produces accounts for the whole government. Hence, the OAG could only produce a certificate for the whole government. In the practical work, it based the audit risk analysis, sampling etc. on departments, rotating between the departments. An auditor claimed that they could change the approach and conduct audits based on a ministry level, but they could not produce an audit certificate for the ministries as required by

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132 Interview 21

133 Interview 22

the manual.<sup>134</sup> In the office, there were various opinions regarding the new approach. While one auditor argued that the ministries were too large for the taking appropriate sample sizes, another auditor claimed that the new approach was better, since it allowed another level of analysis to be done and they would be able to “pick the big things and not the small issues like we did before”.<sup>135</sup>

Moreover, audit on the ministry level implies that the contact person for the auditors will be highest administrative officer at the ministry, the Permanent Secretary. Some interviewees argued that they did not feel comfortable disturbing such a high official, and that the Permanent Secretary was a “very busy man.”<sup>136</sup> They argued that it was better in practice to have contact with the director for each department.<sup>137</sup> An auditor claimed he would continue with this practice despite the manual’s prescriptions or what others in the office did.<sup>138</sup> This approach by some auditors, keeping their old way of working, was argued by others hindered implementation of the manual and had led to an inconsistency of audit methodologies used in the office.<sup>139</sup>

As illustrated above, the office through the years has tried to implement audit manuals and change its audit methodology accordingly. It is difficult to determine to what extent the AFROSAI-E manual has been implemented in the office, since the auditors argued that the procedures according to the manual were followed in some cases and not in others. Their continuous effort to implement manuals based on the international standards, however, may be regarded as supporting what could be expected from them according to the literature on organizations. In addition, the adjustments (customizations) to the manual they claimed they had to make to suit their local circumstances were mainly smaller issues. Whether the standards should be changed to suit their national arrangements

134 Interview 22

135 Interview 33

136 Interview 25

137 Interview 36, 25

138 Interview 25

139 Interview 36

or if they should instead change their national arrangements to suit the standards differed among the auditors, and there were auditors supporting both approaches, thus supporting neither the development nor the organization literature. However, the reasons for not changing some of the procedures were given in more practical terms, for instance that it was easier to discuss with the directors of the departments than with the Permanent Secretary and that it was difficult to take audit samples of units as large as ministries. Thus, what development scholars argue primarily needs to be adjusted to, such as resources, competence and cultural features does not appear to apply to the case with the customization of the audit manual.

However, has confirmation for the line taken by development scholars, the problems the OAG has had with implementation of the various manuals over the years could be interpreted as an underestimation of the training needed to change work methodologies in the office (World Bank 2005). To some extent, this could be due to limited resources but considering the various donors involved in development projects it could rather be a result of poor design and a limited understanding of how the auditors needed to be trained to be able to work according to the new methodologies. In the efforts to implement the manuals, a few workshops were held for a few auditors who then were expected to teach the rest of the auditors and change the work procedures in the whole office. This confirms the arguments of the World Bank (2005), i.e. an important factor for explaining why many public administration reforms have failed in African countries is wrongly designed development projects. This could be understood as an explanation for why the continuous efforts and development projects at the OAG did not result in greater change in its working methodologies in accordance to the standards.



## **Standardized work procedures are followed and documented**

In interviews, it was explained that the auditors did not always use the manual in their daily work; the manual functioned rather as guidance when they were uncertain of the procedures. It is through standardized working papers that the prescriptions in the standards and the manual are transferred into the daily practical work of the auditors. The extent to which standardized procedures are used in the Supreme Audit Institutions is also a criterion in their peer reviews, where a great extent of usage of standardized working papers is considered “good practice”, in line with international standards (AFROSAI-E 2006; 2009) The previous peer review for the OAG in Botswana stated that there was limited implementation of such standardized working papers in the office (AFROSAI-E 2009).

So why has the office not managed to implement a greater usage of standardized procedures in the office? One auditor explained that it could be difficult when you have been used to certain procedures to change: “Now when we are thinking we are comfortable, now we can do this, now they come and bring in such things. You know this fear that you might fail to do that.”<sup>140</sup> For the auditors, working according to the audit methodology as prescribed in the international standards also implied an increase in their workload. The new methodology involved a part with more careful planning, which takes a longer time to conduct. In addition, documentation of their work was demanded to a much larger extent when they followed the standardized procedures according to the standards than the auditors had done before. An auditor explained that: “It is a lot of paper work now, but we are trying...”<sup>141</sup> Despite the increased work load, the auditors argued that the new methodology enabled them to work better. Due to the more extensive planning, including a greater attention to materiality, they claimed they understand the auditee

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140 Interview 27

141 Interview 29

better and the execution was more focused.<sup>142</sup>

In addition, the use of standardized work procedures as well as the increased documentation that follows meant more transparency in the work conducted at the office. To auditors in management positions, such increased transparency in work procedures could result in a decrease in their power as well as show possible deficiencies of their work.<sup>143</sup> One auditor claimed that before the work procedures were standardized some managers were keeping important information to themselves, which was more difficult when the standardized procedures were followed and the documentation increased: “With the new methodology everything is open and that will take the power away. The supervisor will lose power, since the work can be done more easily without him or her.”<sup>144</sup> Furthermore, the auditor argued that the higher requirements for planning and documentation would make the work of auditors in all positions more visible, and since the levels of competence were not appropriate in several positions, many auditors shortage in skills would be more obvious. The auditor claimed that this was the reason why many auditors at the office had resisted the changing working methodologies into more standardized procedures.<sup>145</sup>

In parallel with the implementation of the latest manual, the office had invested in audit software, TeamMate. In TeamMate, the audit manual and all working papers are integrated. Some of the auditors explained that TeamMate has made their work easier, there is less paper work, and it is easier to communicate within the office.<sup>146</sup> In TeamMate, all the audit procedures are fixed: “If you want to audit expenditures, just click on expenditures, if you want to audit salaries, just click on salaries.”<sup>147</sup> The extent to which TeamMate was used in the office varied, somebody mentioned that they were using it but other

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142 Interview 36, 33, 29, 21

143 Interview 21, 28

144 Interview 21

145 Interview 21

146 Interview 21, 33, 29

147 Interview 29

sections were “lagging behind,”<sup>148</sup> another auditor claimed that they only take out working papers from TeamMate and fill them in as they used to, they were not actually using TeamMate.<sup>149</sup>

A manager expressed frustration about the auditors’ lack of adaptation to TeamMate. He argued that sufficient training by means of workshops had been held in the office. In his opinion, the auditors should make a greater effort, not only agree in the workshops and then stop using the system when they faced problems.<sup>150</sup> Nevertheless, auditors working with TeamMate explained that they did not think they had received enough training on the system, they also argued that there was no technical support and no one to ask if they got stuck.<sup>151</sup> One interviewee claimed that working with TeamMate was problematic since no one in the office had any experience of the system. When they did not know how to solve an issue, they asked their manager, but the manager did not know either. Another auditor argued that the office had underestimated the need for training required to understand a new system: “I cannot apply it, I don’t know what to do.” The auditor made a parallel to learning how to drive a car: “You cannot just sit in the car and be shown how to drive, then just given the keys and be told: Here you go, just drive now ... it is the same here, it is not working. There is no technical support to guide you.”<sup>152</sup>

Efforts to try to implement standardized work procedures more in line with the international requirements, as well as the investment in TeamMate as audit software and the training conducted to implement the use of the program, illustrate the office’s ambition to increase the use standardized work procedures, which confirms its aim to comply with the requirements in the international standards. The problems of implementing the software in the office do not appear to be related to any specific African circumstances in their

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148 Interview 29

149 Interview 37

150 Interview 21

151 Interview 36

152 Interview 25

environment, thus do not confirm what would be expected from the arguments put forward by some development scholars. To some extent it could be argued that resources are significant, the auditors using the system claimed that they had not received sufficient training on the program, as well as claiming that there was no support available when they had problems (c.f. Glenday 1998; Gyimah-Boadi 2004; Turner & Hulme 1997). However, it is difficult to argue that it is a particular problem for developing countries to encounter problems in implementing computer software, of which nobody in the office has any experience. It is reasonable to expect this to be the situation in an industrialized country as well. In addition TeamMate is relatively expensive software, which is not used in all countries, thus resources could not be the main reason for the problems in implementing standardized working procedures. As stated previously with respect to the audit manual, the limited and scattered implementation of the software is probably due to an underestimation of the training needs and the design of the implementation process. Thus, confirming what the World Bank (2005) argued to be a main explanation for the failure in implementing public administration reforms in Africa.

In general, in the interviews it was argued that standardized work procedures were resisted because of the revealing effect these would have on the inadequate levels of competence, particular in management positions. Thus, due to the fear of being exposed and losing power and influence through more transparent procedures, auditors in management positions had resisted the start of the new methodologies, with standardized procedures and more documentation. This may be understood as confirming what development scholars argue to be the problem in African countries, i.e. there is a lack of appropriate competence, which makes implementation of foreign models problematic. This implies that there is a need to design the implementation of the new methodologies accordingly. At the OAG, it appears as if the implementation of standardized procedures would need to have been designed to suit the situation where managers and auditors in particular, with lower

levels of education, probably had need for extra training and to receive extra attention. In addition, working with the standardized procedures according to international standards involves an increased workload for the auditors in the office, where they need to plan more and document more. The auditors did not argue that there was a need to change the methodologies prescribed in the standards to suit their local circumstances, in contrast to what would be expected from the literature on development, instead they claimed that it was natural for people in general to resist when more work is imposed. In addition, in contrast to what some development scholars argue is necessary for public administration reforms in African countries, the OAG has not made any attempts to develop its own form of work procedures, nor do they claim that this is necessary due to its circumstances.

## **Competence**

### **Appropriate levels of education and qualifications**

To be called an auditor indicates specific levels of qualifications, theoretically as well as in practical work. To be a professionally qualified auditor, the general requirements are theoretical skills in accounting, auditing and finance, practical experience from a professional audit firm, all of which is examined by professional exams carried out at the end of the practical experience.

At the OAG today, 198 people are employed, whereof about 85 posts are for qualified auditors.<sup>153</sup> According to the interviews, the educational levels among the auditors at the OAG vary. The office has about five or six professional auditors, the others have diplomas (two-year post high school studies at university or a technical college) or degrees (four-year university studies), normally in accounting.<sup>154</sup> An auditor explained that this had changed over the years, when this

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153 Five posts are vacant. In total the office holds 203 positions.

154 Interview 31

auditor started to work in the office fourteen years ago the educational requirements were much lower.<sup>155</sup>

The procedure for introducing a new auditor to the work in the office through the years has been to start work as an assistant auditor and be attached to an audit team. In the team, guidance in the work is provided by senior colleagues, team leaders and managers.<sup>156</sup> Accordingly, the work methodology adopted by the team leader and the managers become the accepted audit procedure in the team. This was argued to be problematic since employment in the office for a longer time generally involves promotion to supervisor or manager, regardless of educational level and without any further education or training. One auditor stated that: “Higher positions are given based on the number of years you have worked, not qualifications.” The interviewee argued that this had resulted in several supervisors and managers with a low level of education, and claimed that: “These people are not qualified for those positions.”<sup>157</sup> Hence, adopting new methodologies could be more difficult for managers than for auditors in lower positions, who have more technical skills.<sup>158</sup> Consequently, the discrepancy between younger, more technically skilled auditors and managers resulted in situations where there were contradictory views on how the work should be conducted, and since managers hold a stronger position in the office, the OAG has had difficulties in implementing new audit methodologies over the years.<sup>159</sup>

The state of affairs with limited competence on the management level could be regarded as a development problem, where the limited availability of higher education created a situation where the number of qualified officials was inadequate. Thus this would confirm what some development scholars argue is essential for understanding the character, as well as the possibility for implementing, administrative reforms in African

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155 Interview 21

156 Interview 21

157 Interview 21

158 Interview 21, 36, 33

159 Interview 21

public administrations. As illustrated above, although the number of well-educated citizens has increased greatly in Botswana since independence, it still affects the Office of the Auditor General and may explain many of the difficulties in the implementation of new working methodologies in the office.

However, it is likely that the lack of appropriate competence at management level will change over time since the required education levels at the office are much higher today than when several of the managers were employed. Thus, the action taken at the office is to raise the education level required for entry level, which confirms the proposition according to organization scholars, i.e. the OAG in Botswana is gradually conforming to the way levels of competence are regarded within their organizational field.

### **Possibilities to increase levels of competence in the SAI through further education and training abilities**

Due to continuous updating of international standards and requirements for increased competence, the importance of being able to further educate and train the auditors in the office is significant for a Supreme Audit Institution. The OAG in Botswana offers a wide range of courses, for auditors as well as for administrative officials. The courses and training take place in Botswana at different companies, organizations and at the university, as well as abroad at different SAIs and organizations. In cooperation with the AFROSAI-E, auditors at the office participate in various courses and seminars arranged regionally, the OAG has had a bilateral agreement with AFROSAI-E as well, through which training courses in audit methodology and TeamMate have been held for the auditors in the office. In addition, courses are arranged within the Commonwealth and auditors in the OAG have attended courses in India, Pakistan and the United Kingdom (Office of the Auditor General of Botswana 2005; 2009). Although courses are arranged within the Commonwealth, they are

open for auditors from around the world, and they do not require any particular agreement between the SAIs.<sup>160</sup> Apart from shorter courses, the office sponsors one or two auditors per year to go through the education and training needed to become a professionally qualified auditor, in accordance with the requirements in the professional standards for the private sector.<sup>161</sup>

Due to the continuous development of international standards, AFROSAI-E holds a yearly technical update for the SAIs in the region. The OAG in Botswana send a few people there every year to receive updates of the standards. However, as the office holds no training function or a plan for implementing the yearly updates, there is no strategy for how the updates are to reach the rest of the auditors in the office.<sup>162</sup> In addition, when the TeamMate software was introduced in the office, a few workshops were held to train the auditors in the use of the software system. In the interviews, it is claimed these workshops were not sufficient training, and several of the auditors argued that they needed further training on the system. Since all auditors were new users of TeamMate, there was little expertise in how the system should be used. They could e-mail the trainers from the workshop to ask questions, but this appears to have been an insufficient solution:

If you get stuck, you cannot work. You ask your boss and he is also stuck. The facilitators were available on e-mail, but if you get stuck and then you e-mail, maybe you will get a response the week after.<sup>163</sup>

(Interview 33)

In the office, no further training on how to use Team Mate was planned. Neither was there any thoughts expressed in the interviews about the situation, where some auditors claimed they needed technical support to be able to handle the system. Additionally, the

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160 Interview 21

161 The Association of Certified Chartered Accountants (ACCA)

162 Interview 21

163 Interview 33



OAG has applied and received funding from the Commonwealth, the money is to be used to pay for an expert who is to work and support the office for two years. However, it did not appear as if such an expert will be involved in training the auditors on TeamMate or performing any updates for the auditors in terms of audit methodologies.<sup>164</sup>

The above presentation of the various courses the auditors attended internationally illustrates how auditors at the OAG participate in a professional community of auditors in worldwide. This contributes to an understanding for how they as an organization within an international field of SAIs create a common identity, where they share a common cultural understanding about the nature of public audit, an understanding which is strengthened continuously through participation in courses and networks. As would be expected from the OAG, following the arguments of organization scholars, the office supports further education and training for the auditors in various ways, and through such efforts, they move towards adherence to the practices described in the international standards.

Nevertheless, the participation in various courses was decided on an individual basis and there was no overall strategy to ensure that the whole office moved towards uniformity in the way they applied audit methodologies. In addition, there were no plans for further training in the audit software, TeamMate, and strategies to ensure that all the auditors in the office were exposed to the annual updates of the standard were lacking. To some extent, this may confirm what development scholars argue, i.e. the aim in making the entire office comply with audit standards and use audit methodologies accordingly, is not realized by the actions they take in the office. However, explanations for absent strategies are difficult to relate to any particular cultural features as argued by some development scholars. Neither would limited resources be an adequate explanation, since the office chose to invest in relatively expensive software, which was not necessary in order to use standardized working papers. In addition, they also managed to receive funds for employing an expert

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<sup>164</sup> Interview 23, 21, 25, 33

to support them for two years. Again, the most plausible explanation would be an underestimation of the actual training, support and time needed to change the work procedures among all of the auditors, in the entire office.

## CHAPTER 6

### The National Audit Office of Namibia

Since the previous chapter illustrated how the SAI in Botswana related to international public audit standards, a comparable presentation will be given here on the SAI in Namibia. The structure in this chapter is built up similarly. First, there will be a short country review and a description of the development of the Office of the Auditor General. Secondly, there will be a presentation of the results, where the auditors' views and opinions are first presented and then the chapter will show how the office relates to the operationalized model for the SAI, as presented in chapter four.

Constituting a young democracy in Africa, Namibia received its independence from South Africa as late as 1990. South Africa took control over Namibia (then South West Africa) in connection with the First World War, although its annexation of the territory was disputed internationally (Du Pisani 2010). Prior to the annexation by South Africa, Namibia was a German colony. From a situation where trade, missionary activities and minor conflicts existed among Europeans and various tribes inhabited the land, Germany gradually colonized large parts of the territory at the end of the nineteenth century (Melber 2010). In 1884, Germany declared the territory a German protectorate, "German South West Africa", and signed "protection treaties" with the local chiefs (ibid, p. 29). Initially, mainly economic interests were present; private companies exploited the natural resources and made large profits by trading. Eventually the German

government established a fully-fleshed colonial state apparatus. The German administration tried to tie the local communities to their governance, local chiefs who cooperated were rewarded, and those who did not were executed or forced to cooperate (Melber 2010).

The German colonial power was repressive and exclusive; the administration was designed exclusively to favor the white minority. Land was extensively expropriated from Africans to enable the white settlers to invest in large scale farming. The expropriation of land was supported by the German colonial administration, and it ruined the income bases of several tribes. As the mining industry grew, construction started on a railway and there was an increasing demand for labor on the white owned farms, the colonial administration forced the Africans to work in these sectors. Although resistance existed among the colonized Africans throughout the colonial period, the increased repression during the enforced labor caused the Africans to increase their resistance. The increased resistance escalated into several guerilla wars, where the German colonial administration met the rebellions with an increasing degree of violence (Melber 2010). The administration executed rebellious leaders, confiscated land and eventually murdered large numbers of Africans. For instance, around 10 000 Namas, out of a population of 20 000, died during the wars of resistance. The German administration gained full control over the territory in 1907, and the surviving members of the African tribes were forced into labor under slave like conditions (Melber 2010).

In the 1919 Treaty of Versailles, power over the territory was transferred to the Principal Allies and Associated Powers, which in turn granted a mandate of administrative and legislative powers to the Union of South Africa (today South Africa). The mandate was a compromise between self-sovereignty and full annexation, which was advocated by some of the Allied and Associated Powers (Du Pisani 2010). The mandate was supposed to include a fair degree of self-determination and included a supervisory power for the mandate by the League of Nations (ibid). As a consequence of the political developments in South Africa, South African rule in South West

Africa continued and increased the racial segregation and oppression of black people that the Germans had started (Du Pisani 2010; Lindeke 1995).

Black resistance was shaped in various ways during the years of South African rule, and in the 1960s the first black political parties were created. There was political struggle within the country and from Namibians in exile, where one of the main actors was the South West African Africa People's Organization (SWAPO). Internal political struggle as well as the international and regional political development in the 1970s and 1980s, eventually paved the way for independence in 1990 (Du Pisani 2010). In the first democratic elections held in 1989, SWAPO gained the majority of the votes, receiving 41 out of 72 seats in the National Assembly (Lindeke 1995), and since independence SWAPO has been the governing party. In the 2009 elections, they received 70 percent of the votes to the National Assembly (African Election Project 2010).

The Namibian constitution adopted by the National Assembly in 1990, provides for the division of power between the legislative, executive and judiciary. The President is elected by the people and holds large discretionary and executive powers (Erasmus 2010). At the time of independence, the new Namibian government faced the challenges of a country with historic legacies of deep conflicts and racial segregation, and as a consequence very high levels of inequality along ethnic lines. In order to put the injustice of the past behind them, the country signed an act of reconciliation. Although sensitive issues, such as land reforms, still remain to be solved by the government (Chomba 2009).

Literacy rates have steadily grown since independence, from a level of 76 percent in 1991, to 88 percent in 2008 (adults above 15 years, World Bank 2008). Namibia in the last decade has had an average annual growth of 3 percent<sup>165</sup> and has a Gross National Income (GNI) per capital of 6 323 (2008 US\$ PPP, UNDP 2010). Although the GNI is comparatively high for Africa, due to one of the

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<sup>165</sup> The figure is based on the years 2000, 2005, 2007, 2008 and 2009 (World Bank 2009)

world's highest levels of inequality and differences in income (UNDP 2010) the country still faces significant poverty levels as well as unemployment rates of around 20 percent (World Bank 2009).

## **The Office of the Auditor General**

Prior to independence, the Office of the Auditor General (OAG) in Namibia was part of the South African Auditors General's Office. The Swedish government supported the independence movement in Namibia by providing humanitarian assistance to Namibians in exile and at the time of independence in 1990, the Swedish International Development Agency (Sida) started a major program to strengthen the capacity of the public administration in the country. The main focus of the program was on three fields, central banking, statistics and the Office of the Auditor General (Bergström 2008).

At the time of independence in 1990, the size of the office was a total of 85 posts, where 53 were positions for qualified auditors. Out of the 53 positions, 28 were vacant. Consequently, quite a few unqualified staff worked with the audits. The office had problems with recruiting and retaining qualified and experienced staff. One principle reason for the inability to keep qualified staff was argued to be low salaries, which were much lower in comparison with the private sector (Guteberg & Bull 1995). As a consequence of the limited number of qualified auditors, there was a lack of audit planning, and limited use of audit techniques. Furthermore, the OAG hardly used any modern technical aids, such as computer based audit programs or statistical audit techniques. Evaluations of the office stated that the OAG had a long way to go before it could reach the standards of the audit techniques and methodologies used in the private sector as well as in the state audit offices in developed countries (Guteberg & Bull 1995; see also Hyltander & Watkins 1993). The Sida funded capacity-building project was organized as an institutional cooperation between the Swedish National Audit Office (SNAO) and the Office of

the Auditor General (OAG) in Namibia. The first project was for four years and was carried out between 1994 and 1998. Further support was provided in two subsequent projects between 1999 and 2003, and between 2004 and 2006.

In their evaluation report, Guteberg and Bull (1992) concluded that the main cause of the long-term problems at the OAG was the shortage of appropriate skills (p. 12). In accordance with their recommendation, the activities in the project were focused mainly on different types of training. Working groups and committees were established and given responsibilities for the different activities. The training provided was given to all staff at all levels, not exclusively the auditors. The team leader for the project in the final evaluation of the program expressed the idea that the training was to combine continuously theoretical training with “on the job training”, where the auditors apply the new theory in their practical work. To achieve continuous training and guidance in work situations, the projects were built around a project team of four long-term advisors, three in financial audit and one in performance audit, who worked in the office for several years (Bergström 2008).

In addition, the projects also included a focus on training management, middle as well as senior. Gradually, the OAG management took over the responsibility for the overall staff training in the office from the project team. This was a strategy to reduce the risk of creating dependency on the long-term external consultants and instead make management the natural starting place, to which the staff would turn when they needed guidance (ibid).

## **You cure the flu the same way in Namibia as you do in Sweden – best practices, clearer guidance and to follow standards as far as possible**

The above analogy about the flu was drawn by a senior manager at the OAG in Namibia. According to him, the way international public audit standards should be regarded is not particularly complicated. He argued that auditing was to be viewed in the same way as medical treatment and explained that nobody would argue that a doctor should treat Swedish people with the flu any differently than people in Namibia. Similar to the medical treatment, the manager claimed that the audit methodology should stay the same in all countries, although the environment may differ.<sup>166</sup>

Other auditors, at various levels in the organization, had the same unproblematic approach to international public audit standards. They argued that there was no reason for them to develop their own audit standards; rather such a process was viewed as unnecessary work. An auditor made the following clarifying statement: “it is a waste of time and money if you make your own standards and procedures.”<sup>167</sup> Instead, the auditors argued that using the same audit methodology around the world and having one internationally accepted best practice within auditing is an advantage. For the auditors at the OAG in Namibia, following international public audit standards was regarded as guaranteeing the use of this best practice, and thereby improving the quality of their work.<sup>168</sup> One auditor explained that auditing is about ensuring that the taxpayer’s money and the public resources are used properly. Hence, higher quality in their work was a better guarantee for the use of those resources:

It is the taxpayers guarantee that the money is used properly, that there will be a proper control. This is the main point of thinking. This guarantee will increase if the work is done according to standards.

(Interview 47)

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166 Interview 40

167 Interview 48

168 Interview 40, 47, 58, 52



It is argued that not only the taxpayers in Namibia are interested in how the Namibian government spends their resources; a manager argued that the donor countries were also interested in how the Namibian government spends their taxpayer's money, and thus are interested in them being properly accounted for.<sup>169</sup>

The auditors at the OAG argued that the audit procedures they used now were basically the same as those before they introduced international standards in the office. There has just been more work added to the procedures, i.e. more planning, better ways of sampling, more attention on judging risk and materiality, and in the end also more documentation.<sup>170</sup> However, a manager argued that it was now clearer what the auditor is supposed to do, when they followed working papers in line with the international standards.<sup>171</sup> Similarly, another auditor argued that following international audit standards was something that all auditors wanted to do, since that is “the correct way” of conducting audit.<sup>172</sup> A similar approach was taken by one auditor when the audit manual was discussed; the auditor said that it was important to have the audit manual otherwise there would be no clear guidance on how to handle various situations.<sup>173</sup>

Due to the extensive range of standards, it is actually impossible for any SAI to follow all the international standards. When this was discussed in an interview, an auditor in a management position explained his view in the following way:

I don't think we are quite up to standards, but as far as possible we are going in that direction. ... I think with the planning part we are quite up to standards, even with the execution part. I am not quite sure ... I don't think we are that up to standards with the reporting part yet.

(Interview 41)

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169 Interview 40

170 Interview 45, 44

171 Interview 44

172 Interview 41

173 Interview 59

The manager added that the office was taking it step by step, and currently they were working with the reporting so they eventually will make progress in that part. Moreover, another auditor said the continuous updates to the standards made it difficult for a SAI with small resources to comply with all the new and updated standards. At the time of the interview, the OAG was in the process of completing its new audit manual and the interviewee said that it would not be long before it had to change it again, due to the updates to the standards.<sup>174</sup>

To the auditors at the OAG, following the international standards as far as possible appeared natural and unproblematic, and they argued it was a part of their professional role as auditors. For them, the international audit standards gave guidance in the best way to conduct audit, which in turn, they argued, provided a higher quality for the work. This confirms the description put forward by organization scholars, i.e. the auditors regard the regulation provided by similar international organizations in their field to be the legitimate way to conduct audit, and how performance improvement may be important motives behind why certain practices are adopted by organizations (Kennedy & Fiss 2009). In contrast to what would be expected from the way development scholars argue, auditors at the OAG in Namibia regarded it as unnecessary and a waste of time and resources to start developing their own standards and work procedures.

Donor countries were mentioned as one reason for why it was important for the office to follow the international standards, thus confirming what development scholars argue are the reasons for African countries adopting foreign practices, i.e. they do not really have any choice but to adopt Western standards, since donors will so demand (Abrahamsen 2000; Hyden 2006). This was mentioned by a manager in a high position in the organization, in the other interviews donors were not mentioned as an argument for why standards should be followed, rather they argued following standards was a part of their

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174 Interview 47

professional role as well as part of the membership in the professional organizations AFROSAI-E and INTOSAI. Thus confirming what organization scholars say is the nature of organizations, i.e. imitating other SAIs as well as complying with the norms within their profession.

## **The audit community – learning, sharing and recognition**

The OAG in Namibia is a member of AFROSAI-E as well as INTOSAI. This membership was significant in the interviews, where the auditors regarded the membership as implying that they should follow the regulation issued within the organization. One auditor expressed the view that they have no choice but to follow the standards since they were members of these organizations.<sup>175</sup> However, the main approach among the auditors was to highlight the advantages they saw in using the same audit methodology within the international as well as regional cooperation. The auditor who expressed the view that following the standards was not voluntary also went on to argue about all the advantages of using similar methodologies among the SAIs in the world.<sup>176</sup>

One advantage of using the same audit methodology within the region and internationally, is argued by the auditors to be peer reviews. As discussed in chapter three, peer reviews are carried out within the regional organization AFROSAI-E on a regular basis. In the peer reviews, “good practices” at the office, in line with the international requirements, are recognized and areas for improvements are highlighted. Based on the peer reviews, the SAIs in the region are then ranked on how well they fulfill the requirements in the international audit standards.<sup>177</sup> Although the importance of the SAI’s position in terms of the ranking was highlighted in the interviews, the auditors argued to a greater extent that peer reviews

175 Interview 57

176 Interview 57

177 Interview 52, 59, 55, 49

were an assurance for the quality of their work. One auditor argued that if all SAIs conducted audits structured in different ways, it would be difficult to conduct peer reviews and if there were no peer reviews there would be no one to say whether they conducted an audit in an appropriate way and were heading in the right direction.<sup>178</sup>

The auditors' focus on the importance of learning and helping each other as auditors, and how a similar methodology can then be an advantage, is very significant, not only with regard to peer reviews.<sup>179</sup> One auditor gave an example of how the office purchased new audit software. Through AFROSAI-E, they met auditors from Uganda who had long experience with the same software and they had been able to learn from the mistakes the auditors in Uganda had made with the system. In this case, the Ugandan auditors also visited the OAG in Namibia and auditors at the OAG planned a trip to visit the OAG in Uganda to learn how they used the software.<sup>180</sup> In the same way as the auditors at the OAG have received help from the experience of other countries, they have also helped other SAIs. For instance, the office has sent auditors to the SAI in Ghana to help them out with some difficulties they were experiencing with their auditing. The auditor who gave the example argued that such cooperation would not be possible if the SAIs did not work according to the same methodology.<sup>181</sup> In addition, using similar methodologies around the world means that the auditors at the OAG in Namibia were able to work, not only in Ghana but also in other countries outside Africa, as well as in international organizations such as the UN. The UN appoints auditors for international assignments; hence, if auditors in Namibia were to use a different methodology they would not be able to participate in such missions.<sup>182</sup>

The main opinion among auditors at the OAG in Namibia was that there were no disadvantages in using the same audit methodology

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178 Interview 49

179 Interview 45, 46, 49, 58, 52, 48

180 Interview 58

181 Interview 58

182 Interview 58, 40, 48, 56

around the world. One exception was when an auditor argued that one risk in harmonizing methodologies around the world would be if certain countries were too narrowly focused. He claimed that the risk in such situations would be that good ideas from other countries might not be recognized. However, the auditor did not claim that this was the case with the current standards and work methodologies. The example he gave was a situation that arose in a regional workshop, where he thought some people dominated the discussion at the cost of others.<sup>183</sup> Another difficulty with harmonizing work procedures could be a lack of resources. Auditors mentioned that they sometimes found it difficult to keep up with the requirements in the standards due to limitations in resources. When they argued that the lack of resources impeded their possibilities to follow the standards, they did not only claim it was a current problem for the office, they also argued that limited resources were a problem for the auditees.<sup>184</sup> For instance, in the standards, there might be requirements of a separation of duties between officials in a government office, however the resources available for the auditee may only allow one person to be employed, hence they are unable to fulfill the requirements in the standards.<sup>185</sup>

The membership in the professional organizations appeared as an important aspect for why the auditors at the OAG viewed following and implementing the standards as appropriate to their organization, thus confirming the importance of professional networks and associations for adhering to certain organizational models (DiMaggio & Powell 1983; Gibbons 2004; Greenwood, Suddaby & Hinings 2002; Wedlin 2007). Following the professional standards was also regarded as making it possible to improve their work by letting their peers from other countries review their work and, as the quotation above illustrates, advise them on whether they are “on the right track”. This also confirms their focus on using legitimate practices as defined by their professional peers in other countries, in contrast to using practices defined as appropriate out of local circumstances in

183 Interview 58

184 Interview 40, 42

185 Interview 40

their country. Moreover, there was also a practical dimension to the use of international standards, where the auditors argued that the use of similar methodologies around the world means they could receive help, as well as help others SAIs, in overcoming difficulties. In addition, it opens up opportunities for individuals to work in other places than the OAG in Namibia. This practical dimension also contributes to confirming the auditors at the OAG as a part of a professional community, which does not have any national borders.

Confirming what development scholars argue is an important aspect of the transferability of models between Western countries and developing countries, the auditors claimed that it was sometimes difficult to fulfill the requirements in the standards since the OAG and the entities they audit do not have enough resources (Gyimah-Boadi 2004). Nevertheless, the auditors' solution to this situation was not to argue about the importance of making adjustments to the standards to suit their local circumstances, rather they claimed that they were taking it step by step and were gradually meeting the requirements in the standards, which confirmed their professional ambitions to comply with the standards as far as possible, as outlined by the organization literature.

### **Copy and paste – local adjustments**

The adjustments the office has made to the standards in relation to the operationalized model for a Supreme Audit Institution will be discussed in the following section of the chapter. Nevertheless, in the interviews the auditors were asked what, in their view, were the adjustments they had to make to the standards to adopt them to their specific circumstances. One manager claimed that with the standards it was just to “copy and paste”, and that it was not necessary to make adjustments<sup>186</sup>. The overall answers from the auditors confirmed this manager's view and argued that the standards were introduced into

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186 Interview 40

the OAG without any major changes. Some auditors emphasized that they had to look at the laws of the country, to ensure that the audit procedures were carried out according to the State Financial Act.<sup>187</sup> However, these auditors' argument was in line with the rest of the auditors in the interviews, i.e. the audit approach is mainly the same and the things that need changing or that cannot be used were only minor. Such minor issues may be related to specific software, which is used for the financial statements, which may differ between countries, or that the reports may differ in the way they are structured.<sup>188</sup> In addition, in Namibia they use the cash based system for the state finances, and since the standards are based on the accrual system, they have to make some adjustments accordingly.<sup>189</sup>

The auditors' approach above may be regarded as confirming the influence of isomorphic pressures on the organization, i.e. they did not regard introducing the standards in the office as problematic despite the fact that the standards were foreign. The auditors' approach to the standards, in relation to their local circumstances, may be regarded to be in contrast with what is described in the development literature for how African public administrations should respond to foreign structures, i.e. they would claim it was important to develop their own models and point out the difficulties in implementing foreign structures in their local context, due to the lack of legitimacy, or due to differences in the levels of development.

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187 Interview 52, 58

188 Interview 52, 58

189 Interview 44

# Independence

## Protection of the Auditor General in the constitution

In article 127 in the Namibian constitution, the procedures for appointing the Auditor General (AG) are laid out. The article states that the Auditor General is appointed by the President on the recommendation of the Public Service Commission. Before the Auditor General is finally appointed, the appointment has to be approved by the National Assembly. The Auditor General is appointed for five years with the possibility to be reappointed for another five years. In the article, procedures for the removal of the Auditor General are also given. To remove the Auditor General from her or his position requires a two-thirds majority of the votes of all the members of the National Assembly. The constitution states that such a removal is only possible on the grounds of mental incapacity or gross misconduct.<sup>190</sup> The current Auditor General was appointed in 2003 hence his second term as Auditor General will end in March 2012. The predecessor of the current AG was appointed in 1993, and was the first Auditor General of Namibia.<sup>191</sup>

When independence was discussed with a manager in a high position in the OAG, the manager was concerned about the fact that they did not meet all the requirements for independence in the legal framework. Currently the OAG's assignments are laid out in the State Financial Act and the manager would like the OAG to come under its own Audit Act. However, a draught for a new Audit Act had recently been approved by the government and was now being processed by the legislature. The manager explained that coming under their own legislation was not a requirement in the standards, however it was regarded as "good practice" and if the OAG wanted to be perceived as independent it should come under its own act.<sup>192</sup>

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190 The Constitution of Namibia, Chapter 16, Article 127

191 Interview 40

192 Interview 40



There was not much difference between the content of the new act and what was prescribed about the OAG in the State Financial Act; the manager claimed that over 90% was the same. One difference would be a change in the budget procedures. The AG wanted to have a body in the parliament that tabled the OAG's budget, rather than the procedures where the budget is tabled by the Ministry of Finance, which was the situation when the interviews were conducted. Another difference would be the creation of an oversight mechanism for the OAG. The OAG appoints its own auditors, and the manager argued that this: "is not the right way, we appoint someone who will audit us and then report to us... how can that be reliable, in theory that is not good." The manager claimed that the office actually had full functional independence, i.e. they did what they wanted to do and there was no interference with their work. However, he was very aware of how their lack independence could be perceived by others and argued that donors as well as investors would want the OAG to be formally fully independent, in which case formal procedures became important.<sup>193</sup>

When independence was discussed with other auditors, it was mentioned that the Auditor General could be considered as a political position. Due to the AG's position, where he or she is appointed by the government and is not fully independent, it could be difficult for him or her to be critical towards the government and produce inconvenient reports. The auditors argued that the current arrangement might imply a risk that inconvenient reports could result in the Auditor General not being reappointed.<sup>194</sup>

The OAG in Namibia fulfills the requirements in the standards for having procedures for the appointment and removal of the Auditor General laid out in the constitution. In the appointment process, the National Assembly is also involved through approving the person appointed for the position. Thus, there is adherence to the international legitimate procedures for appointing the head of the SAI, without any apparent conflicts with the local circumstances.

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193 Interview 40

194 Interview 55, 57, 49

This confirms the isomorphic influences of legitimate practices from an organizational field. In addition, the auditors were aware of their limited independence in certain areas, such as not coming under their own legislation or when appointing their own auditors. Further, they were moving towards more independence by making efforts to adopt new legislation and to create an independent oversight mechanism.

### **Financial and human resources are available without direct interference from the executive**

The Namibian Office of the Auditor General is part of the government structure. It receives its budget from the government, like all other ministries within the government. The budget is tabled by the Minister of Finance and then approved by the National Assembly. The OAG cannot change the budget or change between budget items. However, it has possibilities to move the money and decide how the money is to be used within the budget.<sup>195</sup>

When the office recruits new personnel, for the higher positions, the proceedings have to go through the Public Service Committee (PSC), which is the office of human resources for the whole government, placed within the Prime Ministers' office. The PSC determines whether or not there will be a new recruitment to the office. The OAG itself places the advertisement for the new positions and it selects and interviews the applicants. After the employment proceedings, the OAG sends its recommendation to the Public Service Committee, which takes the formal decision.<sup>196</sup> For entry positions, as assistant auditors, the office does not need to use the PSC, it decides on the recruitment process itself.<sup>197</sup>

Being a part of the government structure also implies that the salaries are fixed. One manager claimed that the OAG could recommend the Public Service Committee to give a certain salary

195 Interview 40

196 Interview 40, 49

197 Interview 49, 51

to the auditors, but salaries for higher positions were determined within the government.<sup>198</sup> However, other auditors argued that all salaries were determined within the government.<sup>199</sup> The government recognizes and gives a higher salary to certain professions; however, being an accountant is not recognized as a profession. Only those holding professional qualifications as an auditor, such as the ACCA (the Association of Chartered Certified Accountants) provides, could receive a larger salary: “So we are on the normal grade for the whole government” an auditor explained.<sup>200</sup>

One auditor in a management position expressed the view that the lack of decision power for the salaries as well as limited powers to decide on recruiting certain expertise was the largest consequence of the limited independence. Since the office was unable to decide on the salaries, it was difficult for it to keep the experienced auditors. An increased workload and difficulty in carrying out the audit work properly were some of the consequences of experienced auditors leaving the office, which was mentioned in interviews:<sup>201</sup>

At the end of the day you have people who have only two years’ experience. You can’t really send them into a client alone ... these assignments are tougher, it needs more experience

(Interview 42)

The new Audit Act was interpreted by several auditors as an increase in their independence, in terms of financial and human resources. The auditors believed that the office could work more effectively if it was more independent in those areas, due to the increased opportunity to decide on salaries and personnel policies.<sup>202</sup> The problem of attracting and retaining qualified staff confirms what some development scholars argue to be a major problem in African public organizations.

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198 Interview 40

199 Interview 57

200 Interview 57

201 Interview 57, 42

202 Interview 58, 57, 50, 49, 52

Due to low salaries and better opportunities elsewhere, the expertise and knowledge built up within the organization disappears continuously (Klitgaard 1989; Hilderbrand & Grindle 1998; Olowu 1999). Several auditors regarded this situation to be an effect of their limited independence from the government, and they argued that the situation would improve if they were more independent. This is in line with how could be expected to act according to organizational scholars, their ambition is to move towards higher compliance with professional legitimate structures, i.e. a higher degree of independence. The views expressed by the auditors when it came to their situation with limited financial independence are also in contrast to how they would be expected to respond according to the literature on development, i.e. the solution expressed by the auditors to the situation with high staff turnover and low salaries was to change the situation in their organization so there would be a higher degree of compliance with foreign structures, rather than adjust the requirements in the standards to their situation in Namibia.

### **Independent selection of audit areas and report of audit findings**

According to a manager in a high position in the organization, the OAG decides independently on the whole scope of audits, it is only the recruitments that are conducted through the central government. Furthermore, the office also alternates the individual auditors among different areas in the government. This was done to avoid auditors becoming partial or too attached to the auditee.<sup>203</sup> The alternation of auditors in the divisions was argued by one auditor to be an advantage of the work, otherwise there was a risk they would be “too relaxed” with the client. In addition, he claimed that they would be bored if they kept working with the same client for too long.<sup>204</sup>

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203 Interview 40

204 Interview 50

The auditors claimed they could choose their audit areas according to their assignments as auditors. However, when there were politically sensitive issues they might abstain from further investigation. This was only mentioned within performance audit and not financial audit. Such a political sensitive issue to which they referred was the question of land reform and redistribution of land, where the Namibian government is struggling to solve the situation. The auditors argued that to abstain from politically sensitive issues was easily understandable, and they did not appear to be disturbed that they were not approved to carry out the audit. The auditors claimed, since the question was already being investigated politically, a performance audit within the same area would not add any value to the question, and there would also be difficulties in giving recommendations since the area was highly politicized.<sup>205</sup>

When possible complaints from the auditees about the audit reports were discussed, the interviewees argued that audit procedures *per se* prevent probable complaints.<sup>206</sup> Throughout the audits, the auditors discuss the findings with the auditees and when a draught of the report has been compiled it is sent to the auditee for comments, which are included in the report. Although, some auditors mentioned that auditees had complained to them about various things in the reports,<sup>207</sup> it appeared to be unusual for this to be due to the audit process.

In the office there were divided opinions on their role as auditors, whether they should be more advisory or if they should be more critical, as well as whether they should have extended possibilities to investigate fraud and corruption. One auditor stated that the OAG merely expressed its audit opinion in the reports. It did not report on fraud or continue to take further action in cases of fraud, which the auditor would have liked them to.<sup>208</sup> This auditor also argued that the OAG was “too kind” to the auditee when it wrote its

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205 Interview 51, 52

206 Interview 53, 55, 52

207 Interview 40, 59, 58

208 Interview 57

reports. Likewise, another auditor claimed that the office was careful in its reporting since the office wanted to maintain good relations with the auditee.<sup>209</sup> These auditors expressed frustration with this situation and argued that this approach gave them less work satisfaction when the reports were written in this way. One auditor claimed that: “You feel like there is no reward in the end.”<sup>210</sup>

The frustration the auditors expressed over the reports not only concerned the choice of formulation or decisions not to include every finding in the report, it also concerned how they felt that they reported on similar findings every year and how there were few changes or consequences in keeping with their findings.<sup>211</sup> Other auditors had a different view of the auditor’s role and how the audit report should be written. One auditor claimed that the role of the auditor was not to criticize the auditee, rather they should advise them:

When the review is being done we make it softer. The aim is not to beat someone with a stick. You can sever the relationship with the auditee. But if you put it nicely you will get a better relationship.

(Interview 52)

The auditor quoted above argued that the advisory role is the proper role for the auditor, something he also taught in class when he functioned as a trainer. When the other auditors’ frustration was discussed in the interview, he admitted that he understood their frustration, since they had to report on the same findings every year. However, he worked within performance audit and they changed audit area every year, thus he did not face the same situation.

The OAGs’ approach, being advisory rather than criticizing government entities, may also be illustrated by the way it handles the media. Since 2009, the OAG has a new public relations officer; the reason given for the recent establishment of the position was that it

209 Interview 49

210 Interview 57

211 Interview 57

was a consequence of the requirement from INTOSAI and AFROSAI-E. The government had earlier viewed such a position as unnecessary. Since the OAG is a part of government, the public relations had been managed in the Ministry for Information, Technology and Communication.<sup>212</sup>

The auditors as well as the official responsible for the public relations argued that the media frequently reported on the findings of the OAG.<sup>213</sup> The OAG then responded to the journalists' articles about the findings, in order to clear up any possible misunderstandings. The OAG never issues press releases about the auditees with respect to the audit findings, rather they take more a protective approach towards the auditee in relation to the media, and sometimes they write press releases together with the ministries.<sup>214</sup>

It is difficult to interpret to what extent the OAG actually selects and reports on audit findings independently. The differences in opinions, whether it is being "too kind" in its reports, or whether the appropriate role for auditors is "not to beat someone with a stick", could be interpreted as various views of the auditor's role. As illustrated above, the OAG's approach is to be more advisory than critical towards the government entities, in line with the literature on the nature of the audit profession, this appears to be in line with how the audit profession is characterized. Auditors in the literature are criticized for not paying attention to stakeholders' interest in focusing and reporting on fraud and corruption (Cullinan & Sutton 2002; Larsson 2005; Öhman et al. 2006), as well as for not providing revealing information in their audit reports (c.f. Hanberger 2009). In addition, the auditors who argued for the advantages of the OAG's more advisory position were also auditors who were greatly involved in the regional networks. Thus, the advisory position could be regarded as the influence of the professional norm and an interest for adhering to the character of the profession.

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212 Interview 53

213 Interview 57, 49, 53, 41

214 Interview 53

## **Standardized work procedures**

### **The existence and use of audit manuals which build on international standards**

The need for an audit manual was already discussed in the first reports of the development cooperation project between SNAO and the OAG of Namibia in 1993. In the report, it was stated that the office needed an audit manual to give the staff clear guidance on the different parts of the audit process, so as to be able to meet the auditing standards requirements (Hyltander & Watkins 1993, p. 14). However, there already was an audit manual in the office in 1993 and, according to the report, this manual had been developed by British National Audit Office and sent to the office when the country joined the Commonwealth. According to the report, there was no trace in the office that the manual ever had been used (ibid).

Consequently, there was an aim in the project to develop an audit manual, but this was not achieved. In the interviews, the manual from 2004 was referred to as when the office first adopted an audit manual. The earlier efforts were not recognized, not the British version nor possible efforts to develop a manual within the Swedish project. The auditors argued that in the Swedish project they were introduced to several working papers and through the working papers they started to work more in accordance with the audit standards.<sup>215</sup>

The manual, which was adopted by the OAG in 2004, was developed in cooperation with AFROSAI-E. By the time the Swedish project ended, the office was involved in the regional cooperation within AFROSAI-E, and the Auditor General of Namibia became the chairperson of AFROSAI-E, when SADCOSAI and AFROSAI-E merged into one organization in 2004. The office joined seminars and activities in the regional cooperation and through AFROSAI-E they received an audit manual. One interviewee described the adoption of the manual as follows:

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<sup>215</sup> E.g. interview 41, 44, 45, 46



After they left the office, we joined one of the seminars with AFROSAI-E and then we got a template, which we then customized, brought home and customized. That was our first manual.

(Interview 41)

On the question of what such customization consisted of more specifically, the two things the auditor quoted above mentioned were; first, that the office was not fully independent, it was still a part of the government structure, which meant that it had to adjust to such circumstances. Second, other countries could possibly have an audit system with a court of auditors, which made them different from the countries using a Westminster system, which is the case in Namibia.<sup>216</sup>

When customization of the audit manual was discussed with other auditors, they argued that the customization of the manual concerned minor issues and that nothing major in the manual was changed or could not be used. The cash based system used in Namibia was one such aspect where customization meant that the proscribed procedures in the manual concerning accrual systems were not applicable in Namibia.<sup>217</sup> Another interviewee stated that in a customization of an audit manual, there was a need to consider the laws in the country and the office had to write the manual so it would suit the procedures in Namibia's State and Financial Act. Yet, the same auditor argued that the basic principles within audit have to be there and that the modifications made to the manual were minor. For instance, the auditor mentioned the software used for financial accounting. In Namibia, they use ORACLE, consequently in the manual they had to look at the control mechanisms within ORACLE and write the manual accordingly. Other countries may use a different software system consequently write their manual so it suits such software systems.<sup>218</sup>

When the manual was introduced in 2004, the office held a training session. There was a trainer from AFROSAI-E, who came and

216 Interview 41

217 Interview 44, 55

218 Interview 58

presented the manual as well as gave them training.<sup>219</sup> This manual since the first introduction has been updated twice. An auditor in a management position explained that when the manual was introduced in 2004, there was some resistance from the auditors working in the office. The auditor believed that the resistance to the manual in 2004 was due to the increase in work the new manual implied, and that the auditors viewed the increased workload as forced upon them *by the management*. However, the auditor claimed that this reluctant attitude to the manuals had now changed. She believed that the auditors in the office now recognized that the methodologies in the manuals were *not ideas from the management but requirements in the international standards*. This, she argued, led the staff in the office to accept the new methodologies and the increased workload involved.<sup>220</sup> Another auditor in a management position claimed that the 2004 manual had been received quite well but the continuous updates to working papers met with some resistance from the auditors, due to the increased workload involved.<sup>221</sup> Although the office updated its manual regularly, when the standards were updated on an annual basis, it did not change the manual it just added the working papers accordingly.<sup>222</sup>

In the interviews, the auditors described the manual as being important. The manual provided guidance in their work and in cases of uncertainty, regarding definitions or if they needed clarification on how to handle situations. A fairly new auditor expressed it as follows: “If there was no manual, one would say this, another would say that and there would be no clear guidance.”<sup>223</sup> The auditors claimed they used the manual more when they are new at work, and as they gained practical experience they used it less frequently.<sup>224</sup>

As illustrated above, the auditors regarded the use of an audit manual based on the international standards as an aid to give them guidance on how the audit work should be conducted, and as the

219 Interview 44

220 Interview 41

221 Interview 44

222 Interview 49

223 Interview 59

224 Interview 59, 58, 55, 50

auditor quoted above said, if there were no such guidance there might be different views on how to conduct the work. This confirms their professional approach to the standards, as giving them appropriate guidance, instead of regarding them as foreign ideas, which were difficult to implement in their context. The efforts the office made to adopt a manual and continuously update it, show that the office takes action to adhere with international standards as would be expected from the theory of isomorphism.

The resistance the manual met at first, when it was introduced, is difficult to interpret in terms of the explanations provided for failed reforms by development scholars, i.e. the manual met resistance due to specific cultural features or that the manual lacked legitimacy due to its external origin. The explanation provided in the interviews, i.e. the manual involved a general increase workload and therefore it was not met with enthusiasm; appears to be a more plausible explanation. Particularly since a manager claimed that *the attitudes changed when the auditors understood that it was a requirement in the international standards*, i.e. external requirements. This contrasts with what would be expected based on the development literature, and rather confirms the importance for the auditors to be recognized by the international audit community. The introduction and use of audit manuals was also probably a network effect of the involvement in the regional cooperation. The Auditor General became the chairperson for AFROSAI in 2004, and it is reasonable to believe that this had a large impact on the office's approach to the audit manual and the international audit standards and made the office more likely to comply as far as possible with the international standards (Galaskiewicz & Wasserman 1989; Gibbons 2004).

It is difficult to interpret whether their attitude towards customization should be regarded as supporting the description in the development theory. On the one hand, the auditors argued that they needed to consider the country's laws and their situation, where they lacked full independence, and this was a political situation to which adaptations had to be made, which is in accordance with

some development scholars (c.f. Grindle 1998b). On the other hand, when customization of the manual was discussed the majority of the auditors argued that the main approach in the audit methodology did not change with customization of the manual, and gave examples of minor more technical issues, such as software systems, which could differ between countries. These adjustments, i.e. more technical, are difficult to interpret as being the kind of adjustments that are argued to be important in the development literature, where scholars argue about the socio-economic as well as cultural context (ibid.)

### **Standardized work procedures are followed and documented**

The training of the auditors throughout the Swedish development cooperation project, between 1994 and 2006, was via large amounts of training in classrooms, but also with a large focus on practical “on the job training.” Since no manual was developed, the training was based on working papers designed in accordance with international audit standards. The introduction of working papers into the project was the point of reference when the introduction of standards in the office was discussed.<sup>225</sup> It was explained that it was then the work methodology became more structured.<sup>226</sup>

Today, the procedure for updating the OAG on new standards is through working papers. Auditors from the office participate in the AFROSAI-E annual technical update workshops, where they receive updated working papers, which are then introduced to the auditors in the office. The auditors participating in the technical updates are part of the office’s audit guidance committee. The audit guidance committee’s assignment is to ensure that the office is updated on the latest standards. Additionally, the office has two auditors in higher management positions who participate in INTOSAI working groups. Through the working groups, they receive the latest standards

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225 Interview 41, 45,

226 Interview 45

and changes, which they eventually provide to the audit guidance committee in the office. Each year, the office holds a workshop for all of the auditors on the updates to the standards. The changes in various areas are divided among the chief auditors, who also function as trainers:

So, after the technical guidance committee people have come back, all the trainers sit with them and we pick a topic each, and then we present that topic to the rest of the staff. It would be too much for one person to cover it all.

(Interview 57)

The chief auditors in the office try to ensure that the same working papers are used throughout the office. Hence, they meet regularly and review the working papers to see what they agree on and whether there are any differences between the teams in the office.<sup>227</sup> The chief auditor is described as a team leader for an audit unit. They work with the auditors throughout the audits, as well as reviewing the work of the auditors in their unit. In addition, all chief auditors, but one, function as trainers during the introduction course for new auditors as well as in the yearly update of standards.

The updates of the standards and changes in the work methodologies are not always met with enthusiasm by the auditors. For them, updates in the standards always involve an increased workload. In the interviews, it was claimed that the auditors hardly had the time to get used to one working paper before they had to replace it with another. One auditor argued as follows:

Changing to new working papers is really a hassle. You get use to them [the working papers] and you have your normal deadlines, at the same time, as you have to learn what the new working papers require.

(Interview 50)

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227 Interview 41

All auditors in management positions argued that the staff complained about the updates and the continuous change in working papers.<sup>228</sup> One of the managers said that she actually thought it was a bit strange that the updates always involved more work. To her, the advancement in work procedures ought to mean that the work was facilitated, not the opposite.<sup>229</sup> Another auditor argued that sometimes the auditors wanted the changes, since the changes may imply a more effective way of conducting their work.<sup>230</sup> However, this appeared to be something of an exception according to the other interviewees. Some auditors argued that the workshops for the updates were too short, and that they didn't have the time to go through the changes properly. Yet, since the trainers were chief auditors in the office, they were available after the workshops and there were opportunities to ask for guidance, if the auditors became stuck in the new methodologies.<sup>231</sup> On the question of whether, as auditors, they were able to continue to work the way they used to, or if they actually changed their work according to the updates, it was explained that there was no option but to change the methodology according to the updates. One auditor explained it in the following way:

It is compulsorily, you have to do it that way. If you don't do it, you are wasting your time because you have to redo the work. If you do it the old way, you will have to do it again the new way.

(Interview 56)

In a peer review of the office from 2007, the office was complimented for the increased use of standardized working papers, as well as for having a well-structured audit planning process (AFROSAI-E 2002). As described above, resistance to the constant updates to working papers was argued to be due to the increased workload

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228 Interview 45, 57, 49, 44

229 Interview 49

230 Interview 58

231 Interview 56, 57

for the auditors. However, another dimension was pointed out by some auditors. One auditor claimed that the resistance to the implementation of new working papers often came from people who had worked long in the office, who might not be so used to computers, as well as often having a lower level of education.<sup>232</sup> Similarly, another auditor claimed that some auditors feared every new methodology introduced and argued that they were afraid of losing their jobs, certainly when the new young staff is more highly educated and has a higher level of understanding of the processes. The auditor asked: “There is new young staff who are arriving and know so much more than the seniors, should they then be the managers?” And he added: “Maybe we should slow down the process.”<sup>233</sup>

As illustrated in this section, the OAG continuously update its working papers and it has a clear structure for how new working papers are to be introduced and implemented in the office on a regular basis. The middle management, the chief auditors, works together so the sections and their audit teams will use similar procedures. In addition, the chief auditors also conduct the annual workshop on the updates, where they teach the auditors about the changes. This creates a situation where chief auditors, who also lead the audit teams in the practical daily work, are well informed and harmonized in their views of the standards and their support and guidance is also available in the office even after the formal training. In addition, managers at a higher position in the office are also involved in the INTOSAI working groups on the standards; hence their expertise is also available. Due to these procedures, it appears as if the working procedures are harmonized in the office, and that standardized working papers are continuously implemented in the entire office. The auditor quoted above claimed that there was no real option but to change the work in accordance with the new working papers. Otherwise, she argued, you would just have to redo the work. In a previous review, the office was also complimented for its extended use of standardized working

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232 Interview 58

233 Interview 55

papers. These answers illustrate how the office as routine continuously undertakes actions to keep updated so as to work according to new requirements in the standards, which in turn may be regarded as confirming the impact of isomorphic mechanisms, such as professional norms, on practices in a public sector organization, even in Sub-Saharan Africa.

The difference between some senior officials and the junior staff may be regarded however, as an aspect that needs to be considered in developing countries. The more junior auditors argued that the problems in implementing some of the new standards were due to a lack of competence among some auditors who had worked in the office for a long time and had a lower level of education. Likewise, auditors holding such positions may be afraid that they are unable to conduct their work as well as the younger more educated staff, thus resistance may be a strategy for handling this situation. However, it appears as if this is not a major problem that affects the office from working according to the standards to any great extent.

## **Competence**

### **The audit staff holds the appropriate level of education and qualifications**

A lack of auditors with the right qualifications as well as problems with attracting and retaining qualified staff were serious problems for the office at the start of 1990s, according to evaluation reports (Guteberg & Bull 1992; Hyltander & Watkins 1993). Besides, one report stated that the general educational standard of undergraduates was low in the country, in particular there was a lack of basic knowledge in mathematics. Therefore, only five to ten percent of the enrolled students eventually passed graduation (Guteberg & Bull 1992). At the start of the 1990s, the size of the office was a total of 85 posts, where 53 were positions for qualified auditors. Out of the 53



positions, 28 were vacant; hence, major recruitments of new audit staff were made during the project. Today, there are 113 positions at the OAG, whereof 103 are filled. Including assistant audit positions, 81 positions are audit positions, 75 of these are filled, and out of the 75 around 60 are assistant auditors.<sup>234</sup>

Already at the start of the 1990s, the OAG aimed to recruit auditors with a bachelor degree, however, it was difficult to find enough applicants for the positions (Hyltander & Watkins 1993). Receiving applications from qualified persons today does not however appear to be a problem. The OAG visits the university and the polytechnic and receives several applications from students who are interested in working in the office. Apart from degrees in accounting and finance, the office has accepted diplomas as an equivalent level of education for becoming an auditor. In the interviews, it was argued that the requirements will change; from 2010 the office will only accept applications from individuals with a bachelor degree. The reason given in the interviews varied; some argued it is due to the difficulty in evaluating diplomas in relation to bachelor degrees. A bachelor degree is the same in all Africa, while a diploma stretches from one year to four years' education. Consequently, there have been discussions in the office on whether the higher education a bachelor degree implies should be measured in terms of a higher salary, which appears not to be the situation today. Another officer argued that the change in educational requirements was line with the professionalization of the office. The office aims to move towards professional qualifications such as the ACCA when it educates its auditors. Then, the interviewee argued, it might be difficult for someone holding a diploma or with a lower level of education to manage such an education.<sup>235</sup>

Currently in the OAG, three auditors are study to become professionally qualified auditors according to ACCA, which is the professional education required to be a chartered accountant. They

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234 Interview 54

235 Interview 54

are the first ones in the office who will obtain this professional qualification. One interviewee argued that these auditors would like to have a higher salary when they finished the course. However, because the OAG is a part of the government structure, it will be difficult for the office to satisfy such possible demands. The interviewee argued that it would be easier to have a retention plan for these auditors, if the office was independent.<sup>236</sup>

Although the three auditors taking the ACCA professional qualifications are the first, the OAG has an internal training course and internal examinations for new auditors. A manager in a higher position stated that you cannot become an auditor in the office unless you pass the training and the OAG's tests.<sup>237</sup> When auditors are recruited to the office, they are employed as assistant auditor and are attached to an audit team to assist a senior auditor.<sup>238</sup> In parallel with the work, the assistant auditors are trained in classes run by the chief auditors and the more senior auditors in the office. After two years training and work experience, the assistant auditors take the exams in the office and if they pass, they receive a certificate and become an auditor in the office. To pass the examination, their overall performance is reviewed, the exams as well as their performance at work during the two years.<sup>239</sup>

Auditors in management positions argued that several of the auditors who had passed the internal training course left the office for other positions in the government, where they normally received a management position in one of the other ministries.<sup>240</sup> Despite the high staff turnover, a manager argued that at least the auditors stayed within the government. The OAG issues an audit certificate, which is not recognized outside the government, the manager argued that this reduced the leakage of people from the government to the private sector.<sup>241</sup>

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236 Interview 54

237 Interview 40

238 Interview 50

239 Interview 50, 59, 56, 57

240 Interview 49, 57, 40

241 Interview 40

Some auditors in management position complained about the implications of the high staff turnover. Apart from having fewer auditors for the daily work, for the managers the high staff turnover meant they constantly had new inexperienced auditors in their teams. Inexperienced auditors require more guidance at their work, which in the end increased the work burden for the others.<sup>242</sup> Reasons for the high staff turnover were claimed to be the low salaries as well as the limited career opportunities in the office, the office is small and there are few management positions for experienced auditors.<sup>243</sup>

As illustrated above, the office has aims to be more professional and, in pursuit of this ambition, it has taken actions such as sending auditors to obtain an ACCA, as well as raising the education requirements at entry level at the office. These actions confirm the office's alignment to isomorphic pressure to be more legitimate in terms of the way competence is regarded within its field of audit organizations. In addition, the office has an internal training program within the office where it trains new auditors who, at first, start as assistant auditors. Then, after passing exams, they are promoted to auditors. This could also be interpreted as a way for the office to adhere to the professional ideals of special training and qualifications as a requirement for entering the profession (c.f. Abbott 1988), as well as a way for the office to sustain harmonized work procedures in the office. Since the assistant auditors are trained in joint sessions in the office, there is less room for team leaders and middle managers to influence the audit practice in their sections so it deviates from the officially adopted work procedures in the office. Thus, the action taken by the office, to keep the training centralized, may be regarded as a strategy to maintain high compliance with the standards.

As expected from the development literature, the high staff turnover was a problem in the office. However, since the office issues its own certificate it does not primarily lose staff to the private sector but rather to other government ministries, where auditors receive

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242 Interview 42, 49, 57

243 Interview 57, 49

higher salaries. The high staff turnover does not appear to have impacted on the office's approach to the international standards to any great extent. The recruitment process (where a higher level of theoretical education is demanded) and the requirement to become an auditor in the office (to follow the internal training program) make it probable that the office will maintain work procedures in line with the requirements in the international standards.

### **There are possibilities of increasing the level of competence in the SAI through further education and training abilities**

As discussed above, the OAG has an integrated way to educate its new employees so they become certified auditors. The organization in the office also provides for annual training and update of standards for auditors at all levels. In this process, the office has created an internal audit guidance committee, which participates in the AFROSAI-E's technical updates, where it receives the latest updates to the international standards on a yearly basis. The committee also receives information about the standards from two senior managers who participate in INTOSAI working groups. The audit guidance committee has the responsibility for ensuring that the office is kept up-to-date on the standards, and in this process it involves the chief auditors who function as trainers at the annual workshop that is arranged for all of the auditors. The chief auditors select areas in the updates that they present to the rest of the staff at the workshop.<sup>244</sup>

In the 2007 peer review by AFROSAI-E, the OAG in Namibia was criticized for not providing sufficient training for the permanent staff (AFROSAI-E 2007). According to the interviews carried out in 2009, it was mainly the new auditors who were expected to participate in the annual update to the standards. The more experienced auditors had the opportunity to participate but if they chose not to, they

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<sup>244</sup> The chief auditors are middle managers who also function as team leaders in the audit teams in the office, i.e. they lead the daily work of the auditors

received the working papers via e-mail and had to read the updates themselves. If there was anything unclear the auditors had to ask somebody in the office.<sup>245</sup> In the interviews carried out in 2010, this appeared to have changed. The auditors claimed that the workshops on the updates were compulsorily for all of the auditors, assistant auditors as well as experienced ones.<sup>246</sup>

Outside the office, the auditors receive additional training mainly through the cooperation with AFROSAI-E. The auditors in the office participate in its regional courses, such as the performance audit course and a course in management.<sup>247</sup> On occasions, trainers from AFROSAI-E have been invited to the office to hold courses, in the office recently a course had been held on time management.<sup>248</sup> The three auditors who are studying for an ACCA, will be the first auditors in the office to receive such a qualification. One manager explained that sending the auditors on this professional training was a question of resources, and the office's limited resources only permitted a few. The manager also argued that he would like the office to be able to use electronic working papers, such as the TeamMate system. Nonetheless, he argued that at present such a system was too expensive for the office.<sup>249</sup>

Some Supreme Audit Institutions, like the SAI in the U.K. and the SAI in India, send an annual program with different types of training to SAIs around the world. A few of the auditors in the office had attended courses in the U.K., China and India over the years. However, according to a manager in charge of training at the office, the auditors at the office rarely participated in these courses, and it was not done on a regular basis.<sup>250</sup>

The actions taken by the office as presented above, show how the office clearly provides structures for increasing the level of competence in the office through further education and training.

245 Interview 41, 48

246 Interview 50, 59, 56, 42, 49

247 Interview 40, 52

248 Interview 51

249 Interview 40

250 Interview 44, 41

The office's internal training program, the annual updates as well as sending auditors on professional training for the ACCA, confirms how it has taken actions to comply with international standards as far as possible within the office.

Limited resources affects the office, its small resources has not allowed it to send more auditors on professional training for the ACCA or on courses at other SAIs abroad over the years, neither has it had the means to purchase the audit software TeamMate (c.f. Glenday 1998; Turner & Hulme 1997). Nevertheless, the office participates in the regional events and has managed to build up a training structure within its limited resources in order to continuously train and update the auditors on the standards in the office, which may be regarded as confirming the office's commitment to complying with the standards.

The clear commitment in the office could be regarded to be an effect of the involvement in regional and international networks and groups involved in standard-making bodies, since several auditors on various levels in the office were involved in such activities. For instance, the office has auditors in high management positions who participate in the INTOSAI working groups and its Auditor General has been the chairperson for AFROSAI-E for several years, as well as several auditors act as trainers in regional courses within AFROSAI-E. It is likely that this participation influences the organization to move in the direction of following standards as far as possible.

## CHAPTER 7

# A Professional Community Across National Borders

The starting point for this study was the observed differences in the literature on the relationship between public organizations in Sub-Saharan Africa and foreign, i.e. Western or international, administrative structures and practices. The two bodies of literature, the literature on organizations and the literature discussing development in African countries formulate different understandings for how African public organizations respond to foreign administrative structures and practices. As previously argued, both bodies of literature cannot be accurate in their descriptions and conclusions, and the aim throughout this study has been to test these two theoretical approaches empirically within one area of public administration in Sub-Saharan Africa. In this study, the case has been the area of state audit, i.e. Supreme Audit Institutions; consequently, the more specific aim for testing the theory is for it to contribute to a better understanding of the way African public auditors handle international public audit standards in relation to their context.

To highlight the content and the differences between the two bodies of literature and to enable a method for testing them empirically, two propositions were formulated respectively. According to the literature on development: *Auditors in African countries could be expected to express the importance of conducting audit in line with the circumstances in their local context, and they would primarily seek legitimacy within their local context.* This can be contrasted to

a proposition based on how the literature on organizations would describe the public auditors: *Auditors in African countries could be expected to express the importance of conducting audit according to the international standards. They would primarily seek legitimacy within the international professional audit community and regard the international audit standards as the most appropriate way of conducting audit, as well as imitating more successful audit organizations.*

Thus, the development literature regards the local, domestic context as the main sources of legitimacy for African public auditors. Following this strand of the literature, the auditors would prefer to develop their own national standards and practices, since using Western standards would be problematic due to their lack of legitimacy in the local environment. Additionally, scholars argue here that in practice it would be problematic to use Western standards in an African context due to the large differences between African and Western societies, which consequently would lead the African auditors to aim for structures and practices more in line with their local circumstances. In contrast, organization scholars emphasize the importance for organizations to be legitimate within their organizational field, i.e. organizations of the same kind, within the country as well as around the world, are the main source of legitimacy for African public audit organizations. This is a significant difference, since for African auditors it should then be important to follow the standards described by their international professional association, and they should be less interested in developing their own domestic standards. In addition, organizational scholars emphasize that organizations are not only affected by professional norms; they are also likely to imitate similar organizations that they perceive as successful. Such perceptions are spread through various ways, for instance through professional associations, ranking lists or the general public. While development scholars regard the foreignness of administrative structures as problematic, when they are to be implemented in African countries, such foreignness should not have a major significance according to organizational scholars. The



compatibility between Western organizational structures and country contexts outside the West is also debated among organizational scholars, although to a limited extent, and empirical studies, in particular on African countries, are lacking.

Since there was a possibility that African audit organizations had tried to implement international public audit standards, the proposition based on the literature on development also predicted how such attempts would be regarded and handled by African public audit organizations: *If they attempted to implement international audit standards, African auditors would express the difficulties in introducing such foreign models. Most likely, major adjustments would have to be made to make the standards suit the local environment of the African Supreme Audit Institutions.* In contrast, according to the organization literature the African audit organizations would have a different position concerning the standards: *Most likely, the African Supreme Audit Institutions would adopt the standards with as little adjustment as possible.* One strand of the development literature does not completely reject the possibilities for implementing Western administrative structures. As illustrated in the proposition, they clearly emphasize the importance of adjusting these models to the specific features in an African context however. Such features are argued to be largely cultural features, such as the significance of particularistic informal networks and rules, but also limited available resources, competence or inadequate technical capacity. In order to restrict explanations related to resources, the focus of the study is on countries that are not among the poorest in Sub-Saharan Africa. The literature on organizations predicts instead that the audit organizations should implement the standards as far as possible, and it does not really consider adjustments. Plausible explanations for the absence of such discussions are likely to be similarities in context and culture between industrialized countries, where the majority of these studies have been conducted, as well as the moral dimension in the relationship between countries, which is highly significant for the relations between Western countries and Sub-Saharan Africa, is not prevalent

in discussions on the transferability of reforms between Western, or industrialized, countries.

In addition, within the organization literature, resources, competence and available technical capacity are no longer regarded to be of principle importance for how organizations adopt various structures; instead, the focus is on more cultural cognitive mechanisms, such as a common professional identity and a perception of the appropriate behavior for their kind of organization. Similar to the discussion on adjustments to reforms, the absence of resource-bound explanations within the organization literature is probably a consequence of it being mainly based on studies in industrialized countries, where access to such resources are no longer crucial for adapting various structures and practices.

Throughout the chapters in this thesis, the empirical results from the arenas and from the SAIs in Namibia and Botswana have been presented and analyzed. Hence, the reader of the complete study will already have an understanding of what African public auditors express in regard to the international standards, as well as how they handle them in their audit organizations. However, to clarify the results, a general discussion of the results follows in this chapter. The discussion is centered on three themes, which are found significant in all three cases examined in the study, and the content in the two propositions are discussed within these three themes.

## **The profession**

A significant result from the study is the unproblematic approach the auditors showed towards the international public audit standards. Throughout the study, auditors in the arenas, as well as at the SAIs in Namibia and Botswana, argued it was natural to have existing best practice in auditing, described in common by the profession, and as auditors they explained following such practice was part of their professional identity (c.f. DiMaggio & Powell 1983; Greenwood,

Suddaby & Hinings 2002; Scott 2001). There was little support in the study's results for a state of affairs where the auditors would like to have a specifically African way of conducting audit, or for the SAIs wanting to try to build audit structures on traditional domestic institutions. On the contrary, the interviews and observations demonstrated how the auditors regarded it as an advantage to use common international practice, and how they preferred to follow these practices, rather than responding to their own domestic circumstances. This was significant during the observations, interviews and informal conversations at the arenas, as well as in the studies of the SAIs in Namibia and Botswana.

It was evident how the regional secretariat had the ambition for all SAIs in the region to comply better with the requirements in the international standards. This was demonstrated by the production of all the guidance material, such as manuals and guidelines, as well as the means by which it chose to highlight good examples of practice at conferences and courses in order to create peer pressure on the SAIs, to push them in the desired direction. Although the secretariat emphasized its role as an enabling organization as well as how the SAIs in the region should define their own needs, within the secretariat, local norms among the SAIs in the region were discussed as being a problem, and they discussed the strategy it should use to change the audit norms in the region. The choice of strategy from the secretariat demonstrates that it is aware of the significance of professional identity for auditors at the SAIs in the region. Namely, it decided that the best approach for making the SAIs in the region change would be to argue that prevailing reporting procedures were not in accordance with the international standards. Thus, by explicitly demonstrating to the SAIs what was expected of them as professional audit organizations, i.e. following the international standards, the secretariat expected the SAIs to change their local norms.

However, the attitude regarding local circumstances as obstacles that the auditors had to overcome was not a top down approach from managers at the regional secretariat. It was also present

at observations and informal conversations with regular auditors at the arenas. At the arenas, auditors described how as auditors they faced similar problems in their countries and how the differences mainly consisted in the manner they had reached different levels of development. Ordinarily, this also implies that different areas within their audit organizations had achieved various levels of development, for instance, some of the SAI may have an effective performance audit unit established for many years, while other SAIs may only be in the phase of establishing the first basics for such a unit. Meeting within the regional networks was felt to strengthen the auditors in their work to change their own organizations, since they could benefit from the experiences of other SAIs, and then use those experiences as arguments for convincing their own organizations to undergo the same changes.

Apart from auditors arguing in interviews at the SAIs in Namibia and Botswana for the importance for them as auditors to follow standards, the results also illustrated how the organizations over the years had taken actions continuously and moved towards higher compliance with the requirements in the international standards, sometimes in conflict with domestic political interests. At both the SAI of Namibia and the SAI of Botswana they have made efforts over the years to introduce manuals and standardized working papers in accordance with the international standards. Although the degree of implementation differed, both organizations continuously made new efforts in cases where the implementation of earlier manuals or working papers had been limited. In addition, both organizations sent their auditors on various courses and participated in development cooperation programs to strengthen the auditors' professional competence, so as to achieve higher compliance with the professional requirements for auditors.

An illustrative example of the significance of their professional identity and their ambition to attain legitimacy within the professional audit community is how both the OAG in Namibia and the OAG in Botswana attempted to change their national legislation

to become more independent from their governments. Because the auditors' demand for independence was not met with enthusiasm by their government, managers at the OAG in Botswana decided to use a new strategy and endeavor instead to achieve independence gradually. Their first step was the adoption of separate legislation for the OAG, after which it intended to ask for more budget control, more control over staff etc., and step by step eventually achieve independence. The above results from the study demonstrate how both organizations have a distinct professional identity in line with established international standards, and how they constantly undertake actions to move in the direction of what is regarded as appropriate behavior for such organizations. In the case of independence, the auditors desire to become more legitimate within their professional community outweigh the domestic political interest from their own governments. These results may be considered as supporting what was outlined in accordance with the theory of organizations, i.e. the African auditors would express the importance of conducting audit according to the international standards, and they would primarily seek legitimacy within their professional audit community and regard the international audit standards as the most appropriate way for conducting audit. Accordingly, there is little support for the prediction based on the development literature, i.e. the African auditors would primarily seek legitimacy within their local context, and they would express the importance of conducting audit in line with the circumstances in their local context.

It is interesting to note that, for auditors, international legitimacy does not appear to contradict the way they regard local legitimacy. When the auditors argued about the importance of conducting audit according to the standards, which in their view is the best way to conduct audit, they claimed that by using this best practice their work would be better executed. Therefore, the citizens of their countries would get the best value for their money and the state finances would be kept better in order. Thus, there appears to be no conflict between legitimacy internationally and legitimacy

on a domestic level. This result differs from the way legitimacy for administrative practices is regarded within the development literature, where it is argued that external structures and models will not encompass any legitimacy at the local level. From this study of state auditors, this does not appear to be the case, however.

For the auditors, complying with that described in the international standards was not only important because of their professional role; it was also regarded as improving their work. As argued by Kennedy and Fiss (2009), performance improvements may be important motives for organizations adopting certain practices, apart from their wish to be socially legitimate. Although new work methodologies met resistance from some auditors due to the increased workload involved, the auditors still argued that the increased planning and documentation led to a genuine improvement in the quality of their work, for instance through better, more precise execution of the audits, better sampling methods and more careful documentation of the work. Additionally, it was argued that the use of audit manuals as guidance meant fewer conflicts within the office over the way the work was supposed to be conducted, and for more recently recruited auditors the guidance this provided was described as helpful for learning about the work. Not only work procedures according to the standards were regarded as improving the quality of the auditors work, several of the auditors also argued that independence from their governments would improve their work situation and the performance of the organizations, for instance, through the possibility to decide independently on salaries as well as on how to manage resources. Furthermore, perhaps becoming rather more like private audit firms and charging clients would, according to the auditors, most probably make the organizations more efficient and put greater pressure on the public organizations they audited to deliver better information to the auditors (c.f. Kennedy & Fiss 2009).

As claimed above, these results may be regarded as being similar to the way the behavior of organizations is understood in the

literature on organizations, consequently they differ from the way public administration reforms in African countries are discussed within the development literature. The auditors did not appear to be interested in creating unique or “home-grown” solutions in line with their local circumstances. Neither did the African auditors argue for the necessity of making major adjustments to the standards to suit their local circumstances in order to create sustainability for the reforms. Nevertheless, how to interpret the local adjustments they made is difficult, and I will return to this in the following section on voluntarism and notions of customizations. Despite the adjusting the standards to their prevailing situations, the auditors argued in favor of all the advantages arising from using the same audit methodology around the world and how following the requirements in the standards as far as possible meant better quality in their work. Apart from the way several auditors stated that making their own standards was unnecessary and a waste of resources, in one interview, a state of affairs where each country created its own audit structures and audit methodology was also described as an opportunity for a country to cheat with its finances, and from the auditor’s perspective, this was not a desirable situation.

The professional identity of the African auditors was confirmed continuously within their professional networks. The results from the arenas illustrated how the auditors through training courses, workshops and conferences came to know one another and how they shared ideas and practical experiences within these networks. Since as professionals the auditors were receptive to what was regarded as appropriate behavior, by their professional peers and people they knew within such networks, the SAIs in the region are likely to become harmonized in their audit structure and practices over time (Berger & Luckmann 1969; Galaskiewicz & Wasserman 1989; Gibbons 2004; Greenwood, Suddaby & Hinings 2002; Sevón 1996; Wedlin 2007).

Both the SAI in Namibia and the SAI in Botswana were involved in professional networks in several ways, which may

explain their harmonized views and their actions for complying with the requirements in the standards. Although, the SAI in Namibia appeared to work according to audit methodology in a more unified manner in the office, as well as constantly ensuring that the entire office was updated on the changes in the standards. This could be an effect of stronger involvement in the professional networks (c.f. DiMaggio & Powell 1983; Casile & Davis-Blake 2002; Gibbons 2004; Reagans & McEvily 2003). At the SAI in Namibia, the Auditor General for several years has been the chairperson of AFROSAI, senior managers in the office participated in the INTOSAI working groups that draw up new standards, and several of the auditors at a lower level functioned as trainers for other SAIs in the region. Although the SAI in Botswana was involved in the regional networks, its participation was more limited than the situation in Namibia, which contributes to an understanding of why Namibia appears to have higher compliance with the international standards in the entire office, than is argued to be the case for the office in Botswana.

These results from the thesis confirm that normative and imitative mechanisms that have been demonstrated to be significant for influencing the behavior of organizations in Western, industrialized, countries may also be regarded as valid for African public organizations. Although, these mechanisms are emphasized primarily within the literature on organizations, some development scholars have noted similar effects in administrative reforms in African countries. Professional integrity and the sense of belonging to an international community of peers among public officials was in the study of Hilderbrand and Grindle (1998) demonstrated to contribute to a higher level of performance in those organizations. However, in their conclusions Hilderbrand and Grindle (1998) emphasize the importance of the embedded nature of organizations in their local environment, and they do not pay any attention to the importance of professionalism for the implementation of reforms (p. 48). Likewise, Leonard (1987) states that public officials in Africa may be affected by socialization processes via their professional identity, which may



be reinforced in networks and international conferences. However, he does not develop this argument further instead, he argues strongly for the importance of developing organizational models in line with an “African logic”, which builds on the social reality in Africa and that: “any simple attempt to transfer Western managerial technologies is likely to end in failure” (p. 908). The results from this study do not support such conclusions and there is no support for a particular African logic among the auditors that would hinder them from using international public audit standards.

## **A practical dimension**

An unexpected but significant result from the study, was how the auditors not only regarded it as natural to follow the international audit standards due to their profession, but how they also emphasized the *practical advantages* in all countries around the world using the same audit structures and methodologies. The advantages were discussed in terms of creating possibilities for cooperation between the SAIs in the region, as well as creating career opportunities for individual auditors.

For the SAIs in southern Africa to use similar methodologies implies that they have the possibility to help each other if they have problems in their organizations. During the regional courses and conferences, they discuss any problems they may have in their SAIs and give each other advice on how to handle the situation based on their own experiences. This constituted a significant part of the conferences and courses, and a great deal of the meetings was structured around exchanging experiences and searching for advice within the professional community. For the individual SAIs, a practical dimension might mean that it could also participate in bilateral cooperation within the region. For instance, the SAI in Namibia had sent auditors to help the SAI in Ghana, which had problems in its office, as well as exchanging auditors with the SAI in

Uganda regarding an audit software program with which the SAI in Namibia had little experience. The similar structures and practice also allowed the SAIs in the region to share resources, in terms of holding courses together in the region as well as using auditors from SAIs in the region as teachers. Such practical regional cooperation would not be possible if they did not share a similar understanding of how the work is supposed to be conducted.

Likewise, in their ambition to comply with the requirement in the standards, auditors also argued how important it was to be able to conduct quality reviews at the SAIs. Such assessment of the work, conducted by their peers from other countries was regarded to be helpful for the auditors, in order to know whether they were performing their work appropriately. It would be difficult to conduct quality reviews if the assessment teams, as well as the organization they reviewed, did not share similar ideas of what should be considered appropriate audit structures and practice.

Although it was mentioned that harmonized structures might enable strong regions such as Europe to assist weaker regions like Africa, the scope for the practical cooperation was mainly regional, i.e. when the auditors discussed the advantages for SAIs in using similar audit methodologies, they mainly referred to cooperation and how they assisted each other *within the region*, not internationally. Using similar methodologies on an international level became significant for them as individual auditors with respect to their opportunities for creating career opportunities. The auditors were aware of how international organizations, such as the United Nations, used auditors and how their opportunities to work in such organizations depended on whether they were familiar with the internationally accepted audit methodologies used in those organizations. Likewise, if the auditors worked according to the same audit methodology used in other countries it would create possibilities for them to move to other countries and to be able to work there as professionals.

This practical dimension to using similar methods and structures across countries has a significant development aspect.

Both for the auditors as individuals, since it opens up opportunities outside their organization and country, but more significantly for organizations with scarce resources, regional cooperation of the kind illustrated in the study may imply valuable support for developing their organization.

Despite its apparent importance, as argued by the auditors, for developing countries, a practical dimension in using similar administrative practices among African countries is not discussed in the development literature on public administration reforms in Africa (c.f. Abrahamsen 2000; Jones & Blunt 1993; Leonard 1987; Turner & Hulme 1997; Wunsch 2000). The emphasis in the development literature on finding specifically African solutions may be considered as providing support to the way auditors argue here for the benefits in using similar systems within Africa. Although, the difference between the auditors in this study and the way scholars within development literature argue is that the auditors did not consider it problematic that the systems used and benefited from within the region originated from an international level. The auditors did not regard the audit methodologies as foreign, although they, of course, were aware of their origin in Western countries.

Neither is a practical dimension for isomorphic mechanisms discussed within the organization literature. It is reasonable to believe that practical advantages do not have a similar importance in industrialized countries since organizations in industrialized countries presumably would access such resources principally within their own country and are not dependent on support from a regional cross-national network to the same extent. Although a practical dimension is not discussed explicitly within the body of organization literature, this result is still interpreted as supporting what should be expected of the SAIs according to this literature, i.e. organizations and professionals regard themselves primarily as part of a field of other similar organizations and professionals, and this organizational environment is of more importance when they reflect upon their work, than their local domestic environment. Thus, an extension

of the theory of isomorphism, of significance in a development context, would be a practical dimension for how similar structures and practices across countries enable close cooperation among public sector organizations in developing countries and an increased ability to share resources.

## **Voluntarism and the notion of customization**

The ambitions of the secretariat in the sub-regional group AFROSAI-E are clear, it wants to harmonize audit structures and practices within the region and bring them more in line with the requirements in the international standards. However, its approach for pushing its members to move in this direction is largely based on the principles of voluntarism. The secretariat emphasizes that it is an enabling organization and it encourages its members to define and express their own need for support. To guide the SAIs then in the appropriate direction, the secretariat presents what it perceives as successful modes of organization at conferences and courses as well as in manuals and publications of best practices, the use of all of which is voluntary. Similarly, the peer reviews, which could be regarded as control mechanisms for complying with standards, are voluntary for the members, they do not have to subject themselves to such a control, unless they so desire. This approach, which does not use coercive methods but instead influences the behavior of the organizations by presenting the most successful organizations and methods, is a well-recognized behavior among organizations and, in studies from Western, industrialized countries, such processes have proven to lead to harmonized structures and practices within the field (c.f. DiMaggio & Powell 1983; Deephouse 1996; Sauder & Lancaster 2006; Slack & Hinings 1994; Wedlin 2007).

Additionally, the emphasis on voluntary mechanisms and the way the secretariat of AFROSAI-E characterizes itself as an enabling organization, may be understood as a part of its nature as a meta-

organization. Meta-organizations build on voluntary membership and they have no possibilities of issuing sanctions or in any other way enforcing their members to comply with the regulations, since exclusion is rarely an option (Ahrne & Brunsson 2008).

The focus on voluntarism by the AFROSAI-E, however, may also be regarded as an awareness of the moral dimension when introducing administrative reforms in African countries, i.e. externally imposed structures on the African countries are problematic per se, regardless of the actual possibilities of implementation (c.f. Abrahamsen 2000; Hyden 2006). As with notions of customization, which will be discussed later, by emphasizing the voluntary aspect, the regional secretariat avoids critique for being imperialistic and imposing structures on the countries. Instead, it is able to claim that it enables organizations to develop as they desire.

By some auditors, the membership in the professional associations is regarded as implying a state of affairs where they do not have any choice but to follow the standards drawn up. This more coercive nature of membership in the professional association was also noted in the speeches at the large congress for all SAIs in Africa (AFROSAI). At this conference, there was a clear call from a representative of an African professional audit association saying that all auditors were required to follow the standards and that the organization he represented had the authority to withdraw the license auditors need to conduct their work professionally. Although this statement illustrates a more coercive aspect of the professional commitment, the authority of the association represented by the speaker is still limited for the individual SAIs. Within their countries, they have the possibility to create their own certificates and licenses for auditors, which was also done by the SAI in Namibia. A similar distinct message on the importance of implementing the international public audit standards, regardless of differences in government structures, came at the same congress from the next President of the AFROSAI, the Auditor General of South Africa. He made it clear that differences in development as well as in how African countries differs

in size may imply that they have different needs but, despite this, all African countries should still aim for compliance with the standards (c.f. Boli & Thomas 1999).

Although the professional associations may be understood here as strict and inflexible respecting the importance of following the requirements in the standards, the documents produced within INTOSAI emphasize the importance of customizing the standards and guidelines to the local circumstances in each country. Hence, there is a certain ambiguity in the organizations' authority towards their members, i.e. on the one hand, they strongly encourage their members to comply with all requirements in the standards drawn up by the organization, on the other, there is a certain amount of built in flexibility in the standards and guidelines by means of the notion of customization (c.f. Ahrne & Brunsson 2008; Brunsson & Jacobsson 1998; 2000). The idea of customizing the guidance material was also evident in the sub-regional group, AFROSAI-E, in its guidance documents as well as during conferences and courses. For instance, when discussing the implementation of a performance audit manual, teachers at the course emphasized the importance of not "copying and pasting" the manual, rather they should look in to the specific conditions at their SAI and adapt the manual accordingly.

The focus on customization may be interpreted as the way meta-organizations balance their authority between voluntarism and compliance with common rules (Ahrne & Brunsson 2008). Ahrne and Brunsson (2008) argue that the lack of authority is one reason for why these organizations often use voluntary regulation such as standards in order to hold the organization together. Similarly, the idea of customizing the guidance material to the circumstances in each country may be an additional aspect of the lack of authority combined with an ambition to harmonize structures and practices among the members. Through constantly applying notions of customization, it may be regarded as less of a commitment for members to adapt the regulation, since there will be a flexibility in how to follow them (c.f. Abbott & Snidal 2000).

The notion of customization could also be interpreted as a similar expression of the awareness of the differences between developing and industrialized countries, which are expressed by the development literature as adjustments to the circumstances in African countries. The knowledge of differences in levels of technology, infrastructure and education as well as cultural and political differences between countries may have led the INTOSAI and its regional groups, AFROSAI and AFROSAI-E to state explicitly that adjustment of the guidelines to circumstances in each country needs to be considered. Consequently, the notion of customization could be regarded as supporting the formulation in the development proposition, i.e. major adjustments in the standards are necessary to make them encompass the African environment. Still, an important difference exists between the auditors' notion of customization and what development theory prescribes regarding adjustments to the specific African context.

When customization is discussed within the AFROSAI and AFROSAI-E communities, it is argued that *each country* within the region needs to customize the adaptation of standards to their own circumstances. The idea that each country needs to customize the adaptation of standards can also be found on an international level, where the international documents produced by INTOSAI state that each country has to take its circumstances into consideration and adopt the standards and guidelines accordingly. This is a significant difference from the idea presented in the development literature of there being specific African circumstances that make international standards difficult to implement. The distinction made by the development literature between the West and Africa in terms of different political and cultural circumstances is quite simply not made by the auditors. Thus, on closer examination of the auditors' notions of customization, they do not provide any particular support for the proposition outlined in accordance with development theory, where customizations needs to be made to make the standards encompass *a specific African context*. Despite this difference between the empirical results and the prediction based on the theory of development,

customization constitutes a substantial result for how auditors relate to the standards in relation to their local context. Thus, in the next section there will follow a more detailed discussion of how the notion of customization may be understood in the auditors' context.

As noted above, similar to voluntarism, customization may be interpreted as a way to handle the moral dimension in administrative reforms (c.f. Abrahamsen 2000; Hyden 2006). In the professional associations' ambitions to harmonize and impose universal structures on all countries, they are able to avoid critique for being imperialistic by emphasizing the need for customizing the guidance material. Similarly, it may be regarded as strengthening the domestic legitimacy with respect to the standards and guidance material, since customization is argued to make the guidelines country specific and thereby better owned by the country.

When standards and guidelines, such as the audit manuals, were discussed with the auditors working at SAIs in Sub-Saharan Africa, they argued that they customize guidelines, such as the manuals, to the circumstances in their countries. When the auditors were then asked to specify what such circumstances could consist of and how they made customizations, the auditors, both at the arenas and at the individual SAIs, went on to argue how customization mainly consisted of minor, more technical aspects, for instance the type of computer software used or if they lacked a mandate to conduct audits in certain areas due to their national legislation. They argued that despite these adjustments, the basics in auditing and the audit standards were still followed.

It is difficult to interpret the scope and significance of customizations, mainly for three reasons. Firstly, because the auditors in the main consider what is drawn up in the national legislation as a minor issue to which they need to adjust their work while, in the development literature, national legislation could be considered as a significant aspect to which significant adjustments need to be made. Consequently, the development literature and the auditors in the study may discuss similar needs for adjustments; however, they



discuss them differently. While the development literature emphasizes the importance of adjustment for the sustainability of reforms, the auditors regard the adjustments to be minor, more technical aspects, and they prefer to emphasize the similarities among all the SAIs and the benefits for them in using similar systems in all countries. Besides, in the study we have seen examples of how the auditors have tried to change their national legislation in order to fulfill the requirements in the standards better. Hence, even though the notion of customization may be regarded as supporting statements made in the development literature, the auditors' previously discussed actions, together with their attitudes where they consider national circumstances more as minor aspects in respect to their work, may be interpreted as supporting the proposition formulated in accordance with the organization literature, i.e. auditors would adopt the standards with as little adjustments as possible.

The second reason why the scope and significance of customizations is difficult to interpret is difficulties the auditors claimed they sometimes have in fulfilling the requirements of the standards, due to limited resources and limited correct competence in their organizations, and in the public organizations they audit. These statements confirm the explanation according to the development literature, i.e. resources and available competence restrict how Western models may be transferred to developing countries. The way organizations need to handle the standards in regard to these limitations is not regarded by the auditors however as a part of the customization or an adjustment to the audit standards, as they are described by the development literature. Rather, it is regarded as a current situation that has emerged out of the limited resources and education available several years ago, when several auditors were recruited.

The lower level of education among several senior staff is a significant feature of how limited competence may influence the way the SAIs work in accordance with international standards. In particular, at the OAG in Botswana this was regarded to be a problem,

since inadequate competence among several managers had hampered the use of new audit methodologies over the years. Although the younger, more recently recruited, auditors had a higher level of technical competence, they were socialized into the work by their senior managers and due to the hierarchies in the office structure, it was difficult for junior officials to change the work procedures in the audit teams. As noted by Hilderbrand and Grindle (1998), the difference in competence between senior and junior staff is a well-recognized situation in developing countries, which influences the way organizations can adapt administrative reforms. Although the OAG in Namibia at the time of independence, at the start of the 1990s, was far from working according to international standards, any inadequate competence among senior staff has not hindered the use of new audit methodologies to the same extent in this office as it has at the OAG in Botswana. In the large development cooperation project in Namibia, the importance of educating the managers in the office was identified at an early stage, and throughout the cooperation, management was in particular focus since they would become the focal point for the auditors to turn to for advice, after the project team left (Bergström 2008). This appears to have been a successful strategy since today, the office has a unified approach towards the standards with which they work and continuously update the work according to the requirements in the international standards.

The situation of limited resources and limited competence in certain positions supports the argument of development scholars on the situation in public organizations in African countries. Available competence within these countries and within the individual organizations is nonetheless constantly changing, as the higher education system in these countries expands and recently recruited officials have higher levels of qualifications than auditors recruited several years ago. Today, the SAIs in Namibia and Botswana do not appear to have any problems finding students with university degrees for employment in the offices.

Although resources are significant aspects for explaining how the organizations are able to fulfill the requirements in the standards, as well as a reason for why the staff turnover at the SAIs is high, it is not the full explanation for how the offices handle the standards. As mentioned, the SAIs in Namibia and Botswana are to a large extent very similar in the way they regard and handle the international public audit standards. Yet, the SAI in Namibia appears to fulfill the requirements in the standards to a greater extent. If resources were the main factor determining how standards are handled by the SAIs, it would be difficult to understand the differences between Namibia and Botswana. Botswana is cherished in the literature for its good governance as well as how, as a resource-rich country, it has invested well in infrastructure and education for its people. Namibia at the start of the 1990s was a country plagued by deep conflicts along ethnic lines, and its economy is nowhere near the size Botswana's economy. At the SAI in Botswana, auditors have been sent over the years to various courses, various development cooperation projects have been implemented. Recently, it also invested in computer software, which was described in Namibia as being too expensive for the office to buy, although it would have liked to. In Namibia, they have also sent their auditors to various training courses although to a lesser extent than in Botswana, as well as having been involved in various development cooperation projects. Thus, at first glance, there are no major differences in the type of activities that have been carried out over the years. However, when the activities carried out in the offices, in particular the development cooperation projects, are examined further, it can be seen that they have been managed quite differently in the two offices. Consequently, a plausible explanation for the differences in development could be the way the development cooperation projects have been designed and implemented in the two offices. This will be discussed further in the next chapter.

The third and maybe most difficult aspect in interpreting adjustments of the standards, is the vastness of the standards and how, as a result, this implies a large amount of flexibility when using them.

To say simply you are following international standards does not actually have to mean much, and it is impossible for any SAI to fulfill the requirements in all standards. Accordingly, when customizations are discussed in practice this must still concern a limited number of standards and guidelines. In the study, this vastness was handled by outlining an operationalized model for a Supreme Audit Institution based on what is emphasized in the standards and in the literature on audit. The model was then applied to the SAIs of Namibia and Botswana. The results from the study demonstrate that the SAI of Namibia and the SAI of Botswana fulfill several of the aspects outlined in the model; although it is sometimes difficult to interpret the extent to which some of the criteria are achieved, such as the use of standardized working papers and if the auditors have the appropriate level of competence. More important to note is that although not all efforts have been equally successful, *both organizations have over the years continuously tried to change their situation to achieve higher compliance with the standards*, and this applies to *all* criteria in the model. Thus, instead of discussing the extent to which the two SAIs fulfill the various criteria in the model, a more accurate description of the overall result would be that both the SAI in Namibia and the SAI in Botswana are continuously moving in the same direction, i.e. gradually conforming to the requirements in the international public audit standards.

# CHAPTER 8

## Conclusions

In the previous chapter, three main themes of the results in the study were described and discussed in relation to the way the two different bodies of literature describe the features and reforms to the public administrations in African countries. In this final chapter, there will be a general concluding discussion of the results and their implications for theory and practice and suggestions for further research within the field will be outlined.

A major result of this study is that the way in which organizations and professions are described as acting in Western countries by organization scholars, appears to be significantly similar in Sub-Saharan African contexts, in arenas as well as at the level of individual organizations. Throughout the study, a distinct professional identity among African public auditors has emerged. This professional identity has been shown to involve an attitude where the auditors regard themselves to be part of a professional community without national borders and where they consider the international standards for auditing as the most appropriate and legitimate way of conducting audit.

In their strivings to comply with international professional standards, the auditors continuously make various efforts to reform their own organizations, sometimes in conflict with domestic political conditions. As discussed at the beginning of this study, despite organizational theory's claim to universalism, there has been a lack of

empirical studies in developing and African countries. Consequently, there has been little understanding of whether this theory is actually appropriate in African contexts, or if it ought to be regarded as “West-centric”. However, when tested on state audit organizations in African contexts, the theory and the propositions outlined accordingly appear to be valid, and the mechanisms, which are argued to create homogeneity in structure and practice among organizations within a field in industrialized Western countries, appear to work in similar ways in Sub-Saharan Africa.

One implication for the theory of organizations in a development context may be how these homogenizing mechanisms also have a clear practical dimension for the organizations. The auditors surprisingly often argued in favor of all the advantages arising from using similar audit structures and methodologies internationally and regionally, from a practical perspective. Through harmonized audit structures and methodologies there were possibilities for pooling resources and “helping each other out” among the Supreme Audit Institutions in the region, and this also created career opportunities for individuals on a regional and international level. As illustrated in the study, this dimension is noteworthy for a region with limited resources. Within the contemporary literature on isomorphic mechanisms there is little discussion of such practical dimensions and their ensuing advantages for a developing country. It is reasonable to believe that this inadequacy is a consequence of the limited studies conducted in developing countries.

Another implication for the use of organization theory in Sub-Saharan African contexts would be that resources, for instance in terms of qualified persons and levels of payment, still have a substantial influence on the way organizations are able to undertake reforms, although in the literature they are argued to no longer constitute a major impact on the behavior of organizations. Even in Namibia and Botswana, which were countries chosen to limit explanations related to resources, limited resources, for instance inadequate levels of education in higher positions of the organization, still affected

the possibilities for reforming the organizations and complying with international standards. Limited resources and lack of capacity in the development literature are argued to be causes for the limited possibilities of implementing Western administrative structures and practices in African countries. This argument however may be considered less interesting since levels of education and capacity eventually change. As noted in the interviews, levels of education at the SAIs within the AFROSAI-E region are constantly rising and the qualifications among younger public officials are much higher today than when several of the managers were recruited.

Rather, the more interesting argument presented by development scholars is the way African political and administrative culture is described as being significantly different from the Western bureaucracy, an argument which in turn implies that it is difficult to implement administrative structures and practices deriving from Western countries in Sub-Saharan Africa. African public sector organizations are described as being based on personal rule and informal networks, where kinship and patrimonial structures constitute the foundations for the way these organizations operate. Western public administrations, on the other hand, are considered to be based on “Weberian structures”, i.e. bureaucratic structures based on formalism, impersonal rule and meritocratic recruitment. These differences in character between public administrations in Western and in African countries within the development literature are argued to imply that African public organizations need unique “home-grown” solutions, more in line with their specific character.

In this study of public auditors, it is difficult to find support for these arguments and conclusions. In interviews and during observations, both at the arenas and at the individual SAIs, when problems in implementing work procedures according to international standards were discussed there was nothing in the discussions indicating that such difficulties were a result of differences in the political and administrative cultures in Western and in African countries. Rather, the explanations concerned limited education and

qualifications necessary to be able to perform the work according to the international standards, as well as lack of motivation among the auditors to change the work procedures. Such lack of motivation could be interpreted as a lack of legitimacy for the standards due to their external origins, or that the standards could be ill suited for the local contexts. Still empirical support for such statements was not found in the study. Resistance to changes in work methodologies among auditors in lower positions were explained to be the consequence of the increased workload actually involved in changing the work procedures, with demands of increased planning and documentation. Since work procedures more in line with the requirements in the international standards involved more planning, documentation and a higher transparency in the work performed, resistance to change, or lack of motivation, among auditors in management positions was explained as a consequence of the way these new procedures involved a loss of their powers and how it also exposed inadequate competence among the managers.

Naturally, informal networks and corrupt practices may exist in these organizations, as they do in organizations and politics in other parts of the world (c.f. Szeftel 1998). The substantial difference is that if such networks and practices exist, it did not impact on the auditors approach to the international audit standards or their adoption of such structure and practices in their organizations. When informal networks and corrupt practices are revealed in Western countries, few would argue that this means that features of the Weberian bureaucracy are inappropriate in these countries and organizations. Yet, this is the conclusion drawn when public administrations in African countries are discussed.

The literature of development appears largely to have neglected the importance of a professional identity among public officials in African countries and the way professional norms concerning appropriate modes of organizing and conducting their work spread among professionals. With some exceptions, such as Hilderbrand and Grindle (1998), and Mungiu-Pippidi (2011),



within this literature there is little discussion of the professional identity of public officials in African countries and how this identity may determine what they consider to be appropriate structure and practices. Additionally, development scholars appear to have paid little attention to how the use of international administrative structures and practices could actually be regarded as an advantage for African countries, as argued by the auditors in this study.

In addition to the description of difference in character, development scholars argue that Western administrative structures and practices lack legitimacy in African countries (e.g. Abrahamsen 2000; Ayittey 2006; Carlsson 1998; Dia 1996; Ekeh 1975; Englebert 2009; Hyden 2006; Leonard 1987). Lack of legitimacy is argued to explain limited implementation of various administrative reforms as well as being a reason for the importance of African countries developing their own solutions. Totally in contrast to this perception, African public auditors regarded procedures prescribed in the international standards as the most legitimate way of conducting audit, and had difficulties in finding reasons for why they ought to develop their own methodology. The auditors rather regarded such ideas as a waste of time and resources. In addition, legitimacy for external structures and practices did not appear to be in conflict with domestic legitimacy, as described in the development literature. Instead, by using the internationally described best practices for auditing, the auditors argued that their citizens would receive better value for their money and the resources in the country would be better spent, which in turn was likely to lead to domestic legitimacy for the audit practices used. For understanding legitimacy for various political and administrative structures and practices, the picture presented within the development literature may be regarded as too simplified. As illustrated in this study, other dimensions of legitimacy exist; organizations operating within a field of similar organizations may desire to achieve legitimacy within this field, regionally and internationally, and public officials may have a professional identity to which they turn primarily for their legitimacy.

As discussed in previous chapters, part of the development discourse is based on a moral argument, where the introduction and use of Western structures in Sub-Saharan African countries is seen as inappropriate from a moral perspective. The auditors in this study, however, had a more pragmatic approach to the international standards, and did not appear to regard the Western origins of the international public audit standards as problematic. Apart from being understood as arising from a professional identity, this more unproblematic approach towards the standards may be related to the voluntariness of the standards, and the way the standard-making organizations emphasize this voluntariness as well as the importance for each country to customize to suit specific local circumstances. Even though such customization does not distinguish African countries from Western, it still allows for flexibility in using the standards and it may thus be easier to avoid possible critique for being imperialistic. Hence, although the auditors did not search for specific African solutions, the voluntariness of the standards and the participation in the international community creating the standards, emerged as important aspects for understanding the auditors approach to the international standards, from a moral perspective.

The coercive focus in the development literature on how Western standards are imposed on African societies is certainly to be understood, considering the historic relationships between Western and African countries and the asymmetric balances in political and economic power between the Global South and the Global North, where donors also have a large influence on many developing countries. Thus, could not accountability towards donors and donor pressure be regarded as mechanisms influencing the results of this study? At the large AFROSAI congress, where Auditor-Generals from all the African countries met, donors were often mentioned in their discussions. In general, donors demand separate accounts for the way their money has been spent and, under circumstances where several donors are involved simultaneously, this becomes complicated and requires a lot of administration by the auditors. For instance, it was

regarded as problematic to audit hospitals and health clinics due to the large amount of donor funded medication and equipment. In these situations, the auditors have difficulties in controlling the economic transactions, since there is a mix of public funds and donor funds, and the staff at the hospital may refer to the foreign partner for data on the equipment.

Although donors and donor funding appear to be a significant part of the audit environment in several of the African countries, the impression from the observations at the congress was that these situations do not impact on the way the auditors related to the use of international audit standards nor that donors were where their primary accountability were directed. For instance, during the discussion among Auditor Generals on the problems of verifying transactions in the health care sector, the reason mentioned for why they considered the circumstances problematic was the ways they, as auditors in these circumstances, had difficulties in ensuring that poor people, who were in greatest need of the public health care, actually received the care to which they were entitled. Consequently, although donors may be important actors in developing countries, African public officials, such as the auditors in this case, may also feel they are accountable towards poor people in their own countries. In addition, a suggested solution to the difficulties in verifying the transactions, presented by another Auditor General, was an increased use of performance audit, i.e. another recognized international audit methodology.<sup>251</sup>

At the level of individual SAIs, the significance of donors was mentioned by a senior manager at the OAG in Namibia, where he regarded the donors' perceptions of the country and the organization as important aspects for why the OAG had to implement the international standards.<sup>252</sup> Nevertheless, in other interviews, both at the SAI of Namibia and the SAI of Botswana, donors were not brought up; neither did they appear to influence the auditors' approach to

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251 Observation 11<sup>th</sup> AFROSAI Assembly

252 Interview 40

the standards, not for senior or middle managers, or the auditors in lower positions. A manager in Botswana brought up foreign investors and ratings by international organizations as reasons for the importance in following international audit standards. He claimed that it was important for the country to demonstrate that it followed international regulation, since the contemporary world is a globalized place, where they wish to be role players. The manager mentioned Transparency International's ratings and argued that it was important for Botswana to prove that it was accountable as a nation, in order to attract foreign investment.<sup>253</sup> Although developing countries could be regarded as having more to prove to foreign investors, this kind of argument may be relevant for many countries in the world, and not specifically for Sub-Saharan Africa.

Although coercive forces are still significant for many Sub-Saharan African countries from several aspects, development theory may be extended by paying more attention to the mechanisms of voluntary regulation. By adding this dimension to the understanding of administrative reforms, the view of African public officials could be expanded to regard them also as actors with certain agency. An agency allowing them the choice of following certain regulations for reasons such as professional identity, where their professional ideals, constructed through education and in networks, may shape what they regard as appropriate solutions. Through considering public officials also as professionals, the understanding of public administration reforms in Sub-Saharan Africa would probably be more nuanced. An understanding less determined by historical experiences and instead more oriented towards the way contemporary identities among public officials are shaped in a globalized world, even in Sub-Saharan Africa.

To what extent could the results in the study be referred to the fact that countries selected for the individual case studies were Namibia and Botswana? Both countries are involved in regional and international networks, which probably have affected their commitment to implementing the international standards and

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<sup>253</sup> Interview 26

complying with the various requirements therein. In addition, they are both classified as middle income countries, which imply that to some extent they have resources to develop their offices and they now have possibilities to employ people with university degrees. From a development perspective, Botswana is often mentioned as a country in Africa where good governance has historic roots and is well established in the country (c.f. Acemoglu, Johnson & Robinson 2003). Namibia, on the other hand, has a history of oppressive colonial rule and ethnic conflicts and received its independence as late as 1990. Using the development literature as the starting point, it would be reasonable to believe that the OAG in Namibia would have much more difficulty in implementing and applying the international standards than Botswana. According to the results of this study, this does not appear to be the case. There may be several reasons for why Botswana has not implemented the international standards to the same extent as Namibia. One explanation found in the study is the way the OAG of Namibia has been involved to a greater extent in regional and international cooperation at all levels of the organization, and we will return to the significance of this aspect later on in the chapter.

Another aspect found in the study, contributing to the understanding of the differences between the organizations, is the way the support for these organizations has been designed over the years. In Namibia, the projects to reform the organization largely focused on practical “on the job” training during several years in the office. This “on the job” training was carried out by experienced auditors who were also available as continuous support in the office over the years. Likewise, in the project it was decided that everyone who worked in the office would receive training, not just a smaller group, which was the case for several projects in Botswana. In order to create a sustainable situation after the projects at the OAG in Namibia came to an end, the focus was in particular on the management in the office after the project’s initial phases, in order to encourage the auditors to turn to them for guidance once the project members had

left the office. Considering the way the management is described as hampering the development at the OAG in Botswana, this focus is likely to have contributed to the more rapid development in Namibia. The OAG of Botswana over the years has undertaken various programs to build capacity in the office. In general, the programs have been short term where the approach has been to educate a few auditors in the office for a few weeks. These auditors in turn would teach the rest of the auditors as well as implement the changes in the office. According to interviews with auditors at the OAG in Botswana, this approach has had limited effect on the office over the years.

Considering the results in this study and the differences in the design of the projects, this study's policy implications are to follow the example of the capacity building projects in Namibia, i.e. not to underestimate the time and the need for practical training for everyone in the organization to create real change in the office and make it sustainable (c.f. Glenday 1998). Only training a few individuals in an organization and leaving the responsibility to them to change the work procedures in the rest of an office, is likely to be a project design that will fail or have very limited impact on the organization. In addition, this study illustrates the way managers are likely to have a large effect on the offices thus, when designing administrative reforms in developing countries, special focus on ensuring training and education for managers would be likely to lead to a larger impact and higher sustainability of the reforms.

It is difficult to say to what extent the results from Namibia and Botswana are transferrable to other African countries, with higher levels of corruption and maladministration, as well as to other groups of professionals. As noted above, it is plausible to believe that the extent to which public officials in other African countries identify themselves with an international community and regard internationally described practices as most legitimate is affected by the extent to which they are entangled in international networks and communities, in particular professional ones. This kind of generalization of the results may be regarded to be supported

by organization scholars who have illustrated how integration in networks influence organizational behavior, where the closer the organization becomes involved in professional networks the more influenced it will be by their norms (Casile & Davis – Blake 2002; Gibbons 2004; Reagans & McEvily 2003).

This has also been demonstrated by development scholars. In Hilderbrand and Grindle's (1998) study of capacity building projects in developing countries they note how the sense of being a professional and belonging to an international community of professionals was associated with higher levels of performance. Additionally, Mungiu-Pippidi (2011) notes that the historical and contemporary lessons from creating governance change at the domestic level, demonstrate that professionals are groups that have been proven to be important for achieving significant sustainable governance reforms (p. 120-121).

In a similar vein, and as noted in the first chapter, the impact of international organizations on domestic norms has been demonstrated in several studies in the literature on international relations. In addition to the focus on coercive and conditional relationships in international relations, where changes in domestic policies are regarded as the consequence of economic conditionality or coercive compliance related to access to membership in organizations, within this literature there are a number of studies arguing for the impact of socializing processes through participation in international organizations (e.g. Bearce & Bondanella 2007; Checkel 2001; 2005; Cortell & Davis 1996; 2000; Finnemore 1993; Greenhill 2010; Holzinger, Knill & Sommerer 2008; Ikenberry & Kupchan 1990; Johnston 2001; Kelley 2004; Sandholtz & Gray 2003). International organizations may be regarded as promoters of norms as well as an actual locus where the socialization process of participants takes place (Checkel 2005; Finnemore 1993). For instance, Holzinger, Knill & Sommerer (2008) demonstrate how membership in international organizations has made member states over time change their environmental policies to become stricter as well as more harmonized

among the members. In addition to more expected results where legal requirements to adhere to international requirements had a large impact on domestic policies, Holzinger, Knill & Sommerer (2008) note a striking impact on nation states of, what they label: “transnational communication”. In their definition of transnational communication, they include: “The diffusion of professional knowledge via transnational networks or ‘epistemic communities’” (p. 559), illustrating the effects of socialization among professionals within an international community. In Greenhill’s (2010) study, he demonstrates that levels of engagement in international organizations promoting human rights had a powerful influence on how well the individual state performed with respect to human rights practices at the domestic level. Similarly, Sandholtz and Gray (2003) argue in their article that international norms have a significant impact on domestic norms, where the extension of the influence depends on the level of the country’s integration in international organizations and networks. Since the mid-1990s, there has been a strong anti-corruption movement within the international community, consequently Sandholtz and Gray (2003) argue that the more an individual country is involved with the international community, the lower its levels of corruption are likely to be, and the results from their cross-national study strongly support their proposition. In order to create a change in domestic norms, some scholars argue however that there is a need for these norms to have a preexisting legitimacy within the state (Cortell & Davis 1996). As previously discussed and as illustrated in this study, such legitimacy may exist within professional groups, which are socialized through education as well as through their professional communities (c.f. Berger & Luckmann 1969; DiMaggio & Powell 1983).

To conclude, as illustrated by the results of this study, professional norms and the influence of regional and international networks on domestic policies may be regarded as essential for understanding the nature of public administration reforms. Yet, the number of empirical studies of the way these mechanisms



influence the behavior of public administrations in Sub-Saharan African countries is still limited. Although the results from this study are supported theoretically and empirically by the literature on organizations and international relations, they are still in contrast to much of what is argued in contemporary literature describing African states and administrations. Thus, to develop the understanding for how public officials in African countries handle international norms and standards in relation to their local context, there is a need for further empirical studies in this field. In future studies, widening the theoretical perspectives of the African public officials and to regard them also as professionals, who may have a different view of legitimacy and a different approach to the appropriateness of using various structures and practices, could contribute to a more nuanced understanding of African public administrations than provided by the existing literature on African state and administration today. Adding such dimensions to African public sector organizations would also reduce the more deterministic view of development, where primarily historic legacies are regarded as shaping contemporary institutions. In this study, it has become apparent that the norms of accountability, as they are expressed within the international public audit community, despite their origin in Western countries and despite the asymmetric balance between the Global North and the Global South perhaps are no longer to be regarded as Western, at least not for the actors who relate to these norms in their daily work. Maybe it is time to rethink the view of African public officials and no longer merely regard them as stuck in their colonial or cultural past, forced to deal with inappropriate foreign ideas, but instead regard them as actors who desire to shape the future of their work together with their professional peers, even across national borders.



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# APPENDIX

## List of interviews, observations and documents from the arenas

### Interviews

- 10 Former Manager, AFROSAI-E Secretariat
- 11 Consultant, AFROSAI-E Secretariat
- 12 Manager, AFROSAI-E Secretariat
- 13 Assistant Manager, AFROSAI-E Secretariat
- 14 Manager, AFROSAI-E Secretariat
- 15 Technical Specialist, AFROSAI-E Secretariat
- 16 Manager, AFROSAI-E Secretariat
- 17 Manager, AFROSAI-E Secretariat

### Observations

- 11<sup>th</sup> AFROSAI Assembly, Pretoria, South Africa, October 13-17, 2008, 2.5 days
- AFROSAI-E Technical committee meeting, Pretoria, South Africa, October 29-31, 2008, 2.5 days
- AFROSAI-E, Training course for managers in performance auditing, Wilderness, South Africa, November 17-21, 2008, 4 days
- AFROSAI-E, Technical update work shop, Wilderness, South Africa, November 24-26, 2008, 3 days
- AFROSAI-E, Long-term advisors meeting, Wilderness South Africa, November 28, 2008, 1 day
- AFROSAI-E, Planning meeting with donors, Wilderness, South Africa, December 1-2, 2008, 1.5 days

## Documents

AFROSAI-E (2006) Corporate Plan and Budget for 2007-2009  
AFROSAI-E (2006) Report on Independent Mid-term Review  
AFROSAI-E (2008) Annual report for 2007 and Work Plan for 2008  
AFROSAI-E (2007) Transversal Activity Report of the Supreme Audit Institutions in the AFROSAI-E region  
AFROSAI-E (2008) Regularity Audit Manual 2006 (amended 2008)  
AFROSAI-E (2007) Performance Audit Manual  
AFROSAI-E (2008) Developing Performance Audit. Lessons Learnt from the Office of the Auditor General of Botswana

## List of interviews at the Office of the Auditor General of Botswana

- 20 Officer, OAG Botswana, June 22, 2009
- 21 Senior Manager, OAG Botswana, June 22 and 26, 2009 and October 22, 2010
- 22 Senior Manager, OAG Botswana, June 23, 2009
- 23 Senior Manager, OAG Botswana, June 23, 2009 and October 22, 2010
- 24 Senior Manager, OAG Botswana, June 23, 2009 and October 22, 2010
- 25 Middle Manager, OAG Botswana, June 24, 2009 and October 17, 2010
- 26 Senior Manager, OAG Botswana, June 24, 2009
- 27 Middle Manager, OAG Botswana, June 25, 2009
- 28 Senior Manager, OAG Botswana, June 26, 2009 and October 20, 2010
- 29 Auditor, OAG Botswana, June 26, 2009 and October 17, 2010
- 30 Auditor, OAG Botswana, October 17, 2010
- 31 Senior Manager, OAG Botswana, October 17, 2010
- 32 Auditor, OAG Botswana, October 20, 2010
- 33 Auditor, OAG Botswana, October 20, 2010
- 34 Officer, OAG Botswana, October 20, 2010
- 35 Auditor, OAG Botswana, October 20, 2010
- 36 Auditor, OAG Botswana, October 21, 2010
- 37 Middle Manager, OAG Botswana, October 25, 2010



## **List of interviews at the Office of the Auditor General of Namibia**

- 40 Senior Manager, OAG Namibia, June 30, 2009 and October 28, 2010
- 41 Senior Manager, OAG Namibia, July 1, 2009 and October 28, 2010
- 42 Middle Manager, OAG Namibia, July 1, 2009 and October 28, 2010
- 43 Senior Manager, OAG Namibia, July 2, 2009
- 44 Middle Manager, OAG Namibia, July 2, 2009
- 45 Senior Manager, OAG Namibia, July 2, 2009
- 46 Senior Manager, OAG Namibia, July 3, 2009
- 47 Senior Manager, OAG Namibia, July 6, 2009
- 48 Auditor, OAG Namibia, June 30 and July 7, 2009
- 49 Middle Manager, OAG Namibia, October 28, 2010
- 50 Auditor, OAG Namibia, October 28, 2010
- 51 Auditor, OAG Namibia, October 29, 2010
- 52 Auditor, OAG Namibia, October 29, 2010
- 53 Officer, OAG Namibia, November 1, 2010
- 54 Officer, OAG Namibia, November 1, 2010
- 55 Middle Manager, OAG Namibia, November 2, 2010
- 56 Auditor, OAG Namibia, November 2, 2010
- 57 Middle Manager, OAG Namibia, November 2, 2010
- 58 Auditor, OAG Namibia, November 2, 2010
- 59 Auditor, OAG Namibia, November 2, 2010

## Interview guides

All interviews, at the arenas and the SAI of Botswana and Namibia, started with a presentation of me and the study. In the presentation, it was made clear that the study was conducted as a PhD thesis at the University of Gothenburg, and that the study had no connections to or any funding from the Swedish National Audit Office or any donor agency, such as the Swedish development aid agency (Sida). At the beginning of the interview confidentiality was assured, i.e. the persons interviewed were told that the names of the people interviewed would not be written in the thesis; instead all interview subjects would have numbers. Additionally, the people interviewed were assured that they would be able to see and give clearance of the statements they made during the interviews, if they were to be used as quotations in the thesis. Such clearance was also given for the quotations used in the study. Not all auditors were asked all questions in the interview guide, the questions that were asked depended on their position in the organization and to what extent the question had been sufficiently investigated through other interviews, documents or observations.

### Interview guide, AFROSAI-E secretariat, 2008

1. Tell me about AFROSAI-E and how it works
2. Tell me about your position and your work in the organization
3. How did AFROSAI-E start?
4. What was the thought behind starting AFROSAI-E?
5. How has the organization developed?
6. How do you regard the role in the organization?
7. What is the role of AFROSAI-e in relation to INTOSAI, AFROSAI and the two other sub-regional groups in Africa?
8. Do you have international standards with which you work in accordance?
9. Isthere any other regulation or guidelines that AFROSAI-E must have in mind when working?
10. How are the standards created within INTOSAI, are there any conflicts about what may constitute good practices?
11. Does AFROSAI-E adjust the international standards?
12. If yes, how are the standards adjusted and for what reasons?
13. How do the standards adjusted by AFROSAI-E, or created by AFROSAI-E differ from the standards coming from the international level?
14. How would you describe the relationship between AFROSAI-E and the member-SAIs?
15. How is it decided what courses AFROSAI-E will hold, what new manuals to issue etc.?

16. Can the member-SAIs decide what activities AFROSAI-E should undertake?
17. When you make special arrangements in certain countries, how is it decided which countries should be involved in bilateral activities and which activities should be undertaken?
18. Does AFROSAI-E have any authority over the individual member-SAIs, in terms of what should be introduced, and the way it is done?
19. What do the memberSAIs want to obtain regarding audit structures and practices?
20. How much alike or different are the SAIs within the AFROSAI-E, do they work in similar ways or in different ways?
21. If the member-SAIs work in different ways in what do the differences consist?
22. Are there any advantages/ disadvantages for the SAIs to work in similar ways?
23. Are there any advantages/ disadvantages for the SAIs to work in different ways?
24. Is it voluntary for the SAIs to follow the international standards?
25. If everything is voluntary for the SAIs, what makes the SAI actually follow the international standards?
26. May a country pick and choose which standards it follows and which standards it does not want to follow? Can you give any examples?
27. May the SAI itself choose how to follow the standard?
28. Are there different ideas on how to implement the standards?
29. Are the SAIs much alike or are the different in the way they follow the standards?
30. When you create the manuals, do you change the standards in any way?
31. What does customization imply? Can you give any examples?
32. In what way will the activities of AFROSAI-E create change at the member SAIs?
33. Do you think those changes will be sustainable? Why/why not?
34. (According to the observations made at the AFROSAI congress 2008) There appears to be an idea of harmonization, i.e. that all SAIs around the world should be similar in structure and practices. What is your opinion about that? What are the advantages and disadvantages? What do you believe the SAIs in the region think about this?
35. What do you think are the most determining factors of a successful SAI?
36. What are the major changes you have seen at the member-SAIs throughout the years?
37. What are the biggest challenges for the SAIs in the region at the moment? What do you think are the solutions to their challenges?

## **Interview guide, the SAI of Botswana and Namibia**

In the first round of interviews at the SAI of Namibia and Botswana, in 2009, the questions were of more general character. During these interviews the aim was also to establish a view of the office's general development as well as the development cooperation projects they had conducted and with what partners. In the second round of interviews in 2010, more specific questions were developed based upon the information collected in the first round, as well as questions based on the operationalized model for a SAI. When new auditors were interviewed in the second round, they were also asked the questions of more general character as stated in the 2009 interview guide, in case there was no overlap.

### **Interview guide, the SAI of Botswana and Namibia, 2009**

1. Tell me about your position and how long you have worked in the OAG?
2. What is your background?
3. When you started working, how were you introduced to the work within the audit office?
4. Was there a manual or working papers that you followed, or how was the work conducted?
5. What was the situation like in the office when you started working, what are the differences compared to today?
6. How has international standards been introduced in the office over the years?
7. Have you noticed in your work that international standards have been introduced? ,
8. If so, when did this happen?
9. How were they introduced to you?
10. Have there been any external organizations in this process?
11. What do you think of the standards and how they were introduced?
12. How has your work changed after the standards were introduced?
13. What are the challenges with the standards?
14. When international standards are used in a national context, you have to adapt them to your own environment, and maybe make some changes. What may such changes consist of?
15. Are there things/standards that are not applicable, not possible to implement here?
16. If there is a conflict between the standards and the circumstances here in Botswana/Namibia, how is this handled?
17. How do you experience the relationship between your local circumstances and what is written in the international standards?

18. How do you feel about how you conduct audit and what is said in international standards?
19. How come that practice developed?
20. What are the implications of the practice?
21. When new things are implemented in an organization, there might be resistance. In the case of working procedures, why do you think it is difficult to change?
22. Have you taken part of any international exchange, workshops or training courses, for instance within AFROSAI-E?
23. Do you think it is important to follow the international standards? Why/ why not?
24. What do you think about developing your own standards and guidelines, instead of using the international ones?
25. (According to the observations made at the AFROSAI congress) There appears to be a drive for harmonization, i.e. that all SAIs around the world should be similar in structure and practices. What is your opinion about that? What are the advantages and disadvantages?
26. What are the main challenges of the office today?

### **Interview guide, the SAI of Botswana, 2010**

1. Would you like to give a description of the situation at the office prior to independence?
2. Would you like to give a general description of the development of the office between independence and the IDI/British cooperation in the 1990s?

#### **Information regarding the IDI and British project**

1. Was it one or several projects?
2. How were the projects constructed?
3. What did the projects aim at and how were they designed?
4. What did they do in the projects? Who in the office participated in the projects?

#### **Information regarding the projects in cooperation with the Swedish National Audit Office (SNAO)**

1. When was the development project conducted, was it in parallel with the British project?
2. What did the project aim at?
3. What happened within the project, who were involved and what did they do?

4. Are there any evaluations?
5. Is there an ongoing project now?

**A description of the cooperation with and involvement in AFROSAI-E**

1. When and how did the cooperation with AFROSAI-E start?
2. Has there been and are there projects/ training in cooperation with AFROSAI-E? Who has been involved and what did they do?
3. Was there a manual in 2002 from AFROSAI-E and a new one in 2008? What was the difference between them?

## INDEPENDENCE

**Independence for the head of the SAI, through fixed procedures for appointments, reappointment and removal from the position, in the constitution**

1. The section P112 and P114 in the constitution, how does it work in practice when a new Auditor General is appointed?
2. What is the relationship between the Auditor General and the President's office?
3. What is the relationship between the Auditor General and the Prime Minister's office?
4. When was the current deputy Auditor General placed in the position to work as Auditor General?
5. Why has there not yet been any new Auditor General?
6. What happened to the last Auditor General?
7. What was it like when he was appointed?
8. How many years does the Auditor General stay in his position?
9. Who led the office prior to independence?
10. Has any Auditor General been removed from office?
11. Have there been any conflicts between the President's cabinet and Prime Minister's office and the Auditor General?
12. Last time, we discussed that you were trying to get an act that claimed independence, but it was delayed by the President's cabinet, what act did that concerning?
13. What would such an act mean for the office?
14. Last time, we discussed that you are relying on the state financial act and that you had been discussing an own audit act. Is that a requirement in the standards?
15. What would it mean for the office to have its own act?
16. Do you think that you have sufficient independence from the ministries and the President's/ Prime Minister's cabinet? If not, what is lacking?
17. What difference would more independence make to your work?
18. Have there ever been any occasions when the government has interfered or has had opinions on your work?

19. What is the view from the President's cabinet and Prime Minister's office about giving more independence to your office?

**Financial and human resources are available without direct interference from the executive**

1. Is the office a part of the government structure?
2. How you regard the state of affairs where the office is not financially independent from the government?
3. Several managers have said that they needed more resources and that they are short of staff. Would that change if the office received its resources from the parliament?
4. Would it be easier to achieve resources for such, if you had your money from the parliament instead of the President's office?
5. Can the office decide what competence is needed and then hire that competence?
6. What does a recruitment process look like?
7. Who decides who will get the position?
8. What is your opinion about these procedures? How does it affect your office? Would you like to change it, and if yes, how would a change make a difference to your office?
9. How were you recruited to the office?
10. Are your salaries decided by the management in the office or by central government?

**The SAI having the possibilities of selecting and reporting on the public entities independently**

1. How do you select your audit areas?
2. Can you select anything that you want to audit?
3. Can you write what you want in the audit reports?
4. If the auditee/the ministries don't like what is written in the report, what actions do they take?
5. Has any auditee/ministry ever complained about what is written in the reports?
6. If yes, how was it handled?
7. Has there been any interference with the auditors work from anyone in the government,
8. What is your opinion, how independent are you in selecting audits areas and reporting on audit findings?
9. What is the relation to media?
10. Does the office send the reports to media?
11. Are the audit reports and audit findings discussed in media?
12. How is this viewed from the auditee/ government?

13. What happens if public officials complain about them being criticized by the media?
14. Tell me about the procedures in the Public Accounts Committees.

## FORMALIZED WORK PROCEDURES

### **The existence and use of audit manuals that are built on international standards**

1. Was there anything wrong with the British audit manual- why couldn't it be used? Was there anything with the manual that meant it could not be used?
2. Was anything wrong with the Swedish manual - why couldn't be used? Was there anything with the manual that meant it could not be used?
3. Was anything wrong with the AFROSAI-E manual from 2002 - why couldn't it be used? Was there anything with the manual that meant that it could not be used?
4. The latest manual, from AFROSAI-E 2008, how does it differ from the other manuals? How does the office work with its implementation in relation to earlier efforts on implementing manuals?
5. How have the manuals – old and new been received by the auditors?
6. Customization of the manual, what does it imply more specifically?
7. How is the manual used in the daily work?
8. Why do you need a manual?

### **Standardized work procedures are followed and documented**

1. May I see some working papers?
2. How do you use working papers practically?
3. Is there one working paper for each type of audit?
4. How standardized is the audit process, is there room for individual judgment?
5. What is the difference with working according to the new methodology, the working papers, and the old way of working?
6. Did the office use working papers before, when it (according to itself) did not work according to standards?
7. What does the use of working papers mean to you, in your daily work?
8. Why have some been resisting the change of working methodologies?

## COMPETENCE

### **The audit staff holds the appropriate level of education and qualification**

1. What did levels of education among auditors working at the office look like at the time of independence?
2. What is it like now?
3. How many employees are there in total at the office?



4. How many of them are posts for qualified audit grade officers?
5. How many of those positions are filled with qualified auditors?
6. When the office employs auditors today, what qualifications do you require?
7. Are the people employed trained to become auditors at the office, or elsewhere?
8. Do they pass a test?
9. What do the levels of education in Botswana look like in general, at the universities, number of student taking accounting, what recruitment base does the office have today?
10. How has this developed, over the years from independence?
11. Is staff turnover a problem? How does it affect the office?

**There are possibilities of increasing the level of competence in the SAI through further education and training abilities**

1. What further education and training opportunities do the auditors have in the office?
2. Do you think you have enough training and educational opportunities?
3. What courses have you attended within the office?
4. Do you lack anything, in terms of further education?
5. After the implementation of the new manual, how do you consider further updates on standards?
6. How do they get updated on the standards? How do they receive and get training on the new working papers?

## **Interview guide, the SAI of Namibia, 2010**

Would you like to give a more fully description of the office prior independence  
A description of the cooperation with and involvement in AFROSAI-E

1. When and how did it start?
2. How are they involved?
3. Has there been and are there projects/ training in cooperation with AFROSAI-E? Who has been involved and what did they do?
4. Was there one manual in 2002 from AFROSAI-E and a new one now in 2008? What was the difference between them?

### **INDEPENDENCE**

**Independence for the head of the SAI, through fixed procedures for appointments, re-appointment and removal from the position, in the constitution**

1. When was the current AG appointed?
2. What was it like when he was appointed?

3. How many more years will he be in his position?
4. Who was before him?
5. Who led the office prior to independence?
6. How does it work in practice, when an AG is appointed?
7. Has any AG been removed from office?
8. Have there been any conflicts between the President's cabinet/Prime Minister's office and the AG?
9. What are the relationships between the AG and the President's/Prime Minister's office?
10. You mentioned the office relied on the State Financial Act and that it would like its own audit act. Is that a requirement in the standards?
11. What would it mean for the office to have its own act?
12. Would you like to explain a bit about the oversight mechanism you mentioned at the pervious interview?
13. Do you think that you have sufficient independence from the ministries and the President's/Prime Minister's cabinet? If not, what is lacking?
14. What difference would more independence make to your work?
15. Have there ever been any occasions where the government has interfered or has had opinions on your work?
16. What is the view from the President's/Prime Minister's office about giving more independence for your office?

**Financial and human resources are available without direct interference from the executive**

1. Is the office a part of the government structures?
2. How do you regard the state of affairs where the office is not financially independent from the government?
3. Several managers have said that the office needs more resources, would that situation change if you received resources from the parliament?
4. Can the office decide what units they need and then hire the competence?
5. How does the office recruit people, what does the process look like?
6. How were you recruited to the office?
7. Who is on the Public Service Committee?
8. What are entry positions?
9. In previous interviews it was mentioned that positions are not fixed within the office, what does that mean?
10. Can the office decide what competence it needs, how many people should work in different areas?
11. Who takes the decisions about salaries in the office?

**The SAI having the possibilities of selecting and reporting on the public entities independently**

1. Has there ever been any interference from the President's office or the ministries with auditors work?

2. Can the auditors select what they want to audit?
3. How do the performance auditors choose their audit areas?
4. Can they write what they want in the reports?
5. If the auditee, the ministries, don't like what is written in the report, what do they do? Do they say anything, take it anywhere?
6. Has any auditee/ministries ever complained about what is written in the reports?
7. If yes, what happened? How was it handled?
8. Has there been any interference with the auditors work from anyone in the government, any conflicts or any restrictions made? Any occasions that may be remembered?
9. Why doesn't the office have a public relations officer?
10. What is the relation to media?
11. What is your impression, how independent are you in selecting the audits and reporting about the findings?
12. In previous interviews, it was mentioned that the reports were sent to all media houses, do the media write about the reports and findings?
13. How is this viewed from the auditee/ governments?
14. Do they like to be written about and to be criticized publicly?
15. The public hearings in the PACs committees, tell me about the procedures and what happens there.

## **FORMALIZED WORK PROCEDURES**

### **The existence and use of audit manuals that are built on international standards**

1. In the development cooperation project, did you discuss creating and starting to use a manual?
2. What were the reasons for not creating one?
3. Which was your first manual?
4. The manual from 2002 from AFROSAI-E?
5. Why can't that manual be used?
6. How have the manuals been received by the auditors over the years?
7. Customization of the manual, what is that specifically?
8. How is the manual used in the daily work?
9. Do you use it, and if yes, how?
10. Why do you need a manual?

### **Standardized work procedures are followed and documented**

1. May I see some of your working papers?
2. How do you work with working papers practically?
3. Is there one working paper for each type of audit?
4. How standardized is the audit process, is there room for individual judgment?

5. What is the difference between working according to the new methodology – including the standardized working papers – and the old way of working?
6. Did you use working papers before, when you (according to themselves) did not work according to standards?
7. What does the use of working papers mean to you in your daily work?
8. Why have some been resisting the change of working methodologies?

## COMPETENCE

### **The audit staff holds the appropriate level of education and qualifications**

1. What did levels of education among auditors look like at independence, in the 1990s?
2. What is it like now?
3. How many employees are there in total?
4. How many of them are posts for qualified audit grade officers?
5. How many of those positions are filled with qualified auditors?
6. When the office recruits auditors today, what qualifications do you require?
7. Are the people recruited trained to become auditors at the office, or elsewhere?
8. Do they pass a test?
9. How do the general levels of education in Namibia appear, at the universities, number of student taking accounting, what recruitment base do the office have today?
10. How has this developed, over the years from independence?
11. Is staff turnover a problem? How does it affect the office?

### **There are possibilities of increasing the level of competence in the SAI through further education and training abilities**

1. What further education and training opportunities do the auditors have in office?
2. Do you think you have enough training and educational opportunities?
3. What courses have you attended within the office?
4. In terms of further education, do you lack anything?
5. How do you keep updated on the standards? How do you receive training on the new working papers?

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ISSAI 11b. Appendix to ISSAI 11.

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ISSAI 21. Principles of transparency and accountability – Principles and good practices – Exposure draught.

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- ISSAI 200. General standards in Government Auditing and standards with ethical significance.
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