

THE STATE OF ERITREA  
OFFICE OF THE AUDITOR GENERAL



promote public accountability for the benefit of our society...

# DELEGATION OF AUTHORITY POLICY DOCUMENT

March 2019

## Contents

<b>Introduction</b> .....	2
<b>The elements of delegation</b> .....	2
<b>Purpose</b> .....	3
<b>Matters reserved for the Auditor General</b> .....	3
<b>Matters delegated to management</b> .....	3
<b>Reporting by Management to the Auditor General</b> .....	4
<b>Expenditure Approval Policy</b> .....	4
<b>Communication on behalf of the organization</b> .....	4
<b>Temporary Delegation of Authority</b> .....	5
<b>Hierarchy on Temporary Delegation</b> .....	5
<b>Review</b> .....	5
<b>Annex: DELEGATION OF AUTHORITY TEMPLATE</b> .....	6

## **Introduction**

The Office of the Auditor General was established in May 1992 by Proclamation No. 23/1992, which was later repealed and replaced by Proclamation No. 37/1993. The mandate of the OAG was also spelled out in Legal Notice 14/1993 Article 2/25. The Auditor General remains responsible for the exercise of all the mandates of the Office of the Auditor General (OAG).

Regardless of the provisions of this policy, the Auditor General may at any time determine any matter within the competence of the OAG either at the Auditor General's initiative or on the recommendation of an officer to whom the matter is delegated.

## **The elements of delegation**

Delegation of Authority means division of authority and powers downwards to the subordinate. Delegation is about entrusting someone else to do parts of your job. Delegation of authority can be defined as subdivision and sub-allocation of powers to the subordinates in order to achieve effective results. The following are the main elements of delegation:

1. **Authority** - in context of a business organization, authority can be defined as the power and right of a person to use and allocate the resources efficiently, to take decisions and to give orders so as to achieve the organizational objectives. Authority must be well- defined. Authority always flows from top to bottom. Authority should be accompanied with an equal amount of responsibility.
2. **Responsibility** - is the duty of the person to complete the task assigned to her/him. A person who is given the responsibility should ensure that she/he accomplishes the tasks assigned to her/him. Responsibility without adequate authority leads to discontent and dissatisfaction among the person. Responsibility flows from bottom to top. The person held responsible for a job is answerable for it.
3. **Accountability** - means giving explanations for any variance in the actual performance from the expectations set. Accountability cannot be delegated. Accountability, in short, means being answerable for the end result. Accountability can't be escaped. It arises from responsibility.

For achieving delegation, a manager has to work in a system and has to perform following steps: -

1. Assignment of tasks and duties
2. Granting of authority
3. Creating responsibility and accountability

In the OAG, delegation of authority is subdivided into functional delegation where a person is delegated based on the job description and function he/she performs on the OAG, and temporary delegation, where a person is delegated with a specific authority in the absence of the delegator. In essence, while functional delegation is a delegation to a particular position and is relatively permanent temporary delegation is a delegation of authority to a particular person and is always temporary.

## **Purpose**

The Delegation of Authority Policy is a policy that has been established by the Office of the Auditor General (OAG) to:

- Set out matters specifically reserved for the Auditor General and those matters delegated to management;
- Set out matters reserved for specific roles in the organization;
- Establish expense approval limits by role. The functions exercised by the Auditor General and those delegated to management are subject to ongoing review to ensure that the division of functions remains appropriate.

## **Matters reserved for the Auditor General**

Matters specifically reserved for the Auditor General include:

- Decisions about organizational strategy and policies
- Approval of Audit reports
- Approval of international travels
- Matters involving financial amounts above ERN 50,000.00 and all transactions related to foreign currency
- Approval of contracts and obligations above ERN 50,000.00
- Approval of or changes to the proposed annual budget
- Approval of Standing Orders and Scheme of Delegation.
- Approval of Annual Accounts and Annual Reports.
- Approval of external audit arrangements
- All matters with the potential to have a material impact on the reputation of the organization.

In exceptional circumstances, in the absence of the Auditor General, the Director Generals in consultation with head of the relevant function, may take the necessary decision and report the action taken to the Auditor General on time.

## **Matters delegated to management**

Other than as expressly provided in this policy, all matters not specifically reserved for the Auditor General and necessary for the day-to-day management of the organization, and the implementation of corporate objectives, are delegated to management. Management may sub-delegate where appropriate. The organization's policies and procedures provide Guidance on the execution of specific roles and responsibilities. Management shall be responsible for:

- Ensuring that the organization's day-to-day operations including audits are carried out in accordance with all legal and regulatory requirements
- Ensure that the organization's policies, practices and decisions are undertaken in a manner that is prudent, equitable and consistent with commonly accepted business practices and professional ethics
- Ensure that the organization's assets are protected, adequately maintained and not placed at unnecessary risk

- Ensure that Auditor General's approved priorities are reflected in the allocation of resources
- Ensure that budgeting is based on the Financial regulation and guidelines of the Ministry of finance and that budgets are balanced
- Promote a healthy work environment for staff that is consistent with the organization's values
- Represent the organization externally to the community, government, media and other stakeholders in ways that enhance the public image and credibility of the organization.

### **Reporting by Management to the Auditor General**

As part of the framework established by this policy, management is required to report regularly to the Auditor General concerning the authority exercised. Reports by management shall cover such areas as quality performance, financial performance, risk management, human resource issues and other items related to organizational operations.

Management must report to the Auditor General on serious occurrences, and on a regular basis during the specified management meetings.

### **Expenditure Approval Policy**

Auditor General's approval shall be required for

- All capital and/or operating expenditures in excess of ERN 50,000
- All expenditures denominated in foreign currency
- Disposal of assets in excess of ERN 100,000
- Expenditures or contracts outside of the approved budget
- Opening of new bank accounts
- And others as specified by relevant directives and regulations

All operating expenditures incurred in the ordinary course of business and within the approved operating budget shall be approved by Director of Finance and Administration. The OAG, in accordance to the regulations of the Ministry of Finance, shall have a banking policy that confirms approved signatories for all contracts, purchase orders, cheques and expenditures.

### **Communication on behalf of the organization**

- Unless specifically authorized by the Auditor General, any verbal or written communication with media and regulatory bodies that may have an impact on the organization are limited to the Auditor General.
- Communication through Management letter, entry meetings and other audit related communications are exercised by the Director Generals or relevant directors delegated by the DGs.

### **Temporary Delegation of Authority**

Any role may temporarily delegate their authority to another role in case of absence. The Auditor General must be informed of the delegation and the period for which it will be in force. (see Annex for the template)

### **Hierarchy on Temporary Delegation**

The Auditor General, on his absence, delegates his authority to one of the Director Generals. Where the Director Generals are not available to be delegated, the Auditor General may delegate his authority to the Director of Finance and Administration. Director Generals delegate their authority to one of the Directors under their department.

In the cases where the Auditor General delegates the Finance and Administration Director and the delegation made by the Director Generals, the authority should be limited and the details should be specified in the letter of delegation.

### **Review**

The OAG will review the contents of, and compliance with, this policy regularly.

**Annex: DELEGATION OF AUTHORITY TEMPLATE**

**To Whom it May Concern:**

Under the authority vested in me, I hereby delegate to [name and title] the authority to administer the OAG’s affair under my responsibilities.

Details of authority [where applicable]

- .
- .
- .

The effective date of this delegation is [specify] and shall run [indicate time limit if any; if none, indicate that it shall run until revoked by delegating official or his/her successor].

The authority delegated is not subject to sub-delegation without my prior and express written consent.

This delegation is made pursuant to the OAG;s delegation policy and is subject thereto

[signature]

\_\_\_\_\_

Name and Title [delegating official]

Date:

[signature]

Acknowledged and agreed:

\_\_\_\_\_

Name and Title [delegate]

Date:

cc: File [delegating official]  
Finance and Administration director