

INTOSAI



# JOURNAL

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Given the *Journal's* use as a teaching tool, articles most likely to be accepted are those that deal with pragmatic aspects of public sector auditing. These include case studies, ideas on new audit methodologies, or details on audit training programs. Articles that deal primarily with theory would not be appropriate.

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## Ahmed El Midaoui

*First President of the Court of Accounts of the Kingdom of Morocco, Chairman of the INTOSAI Capacity Building Committee*

The nature of public auditing requires that SAIs be independent. SAIs face a series of challenges related not only to successful and professional auditing, but also to the whole process of public finance auditing, its related strategies and resources, as well as the capacities needed to ensure the preservation, proper use, and profitability of public funds. Within this context, building effective auditing capacity is a particularly difficult and complex task that calls for a sustainable, effective, and long-term process of a constantly improved interactive control.

### **What Types of Capacity Building and Audits Are Appropriate for Different SAIs?**

SAIs must develop new methodologies and analytical capabilities to address changes in technology and management systems of public institutions. SAIs must be equipped to fully carry out their roles in assessing not only the regularity and compliance of financial transactions but also economy, efficiency, and effectiveness in the use of public resources. To build solid, accountable, legal, and compliant financial auditing, SAIs must assess and measure the public institutions' performance on operations and projects. However, SAIs should gradually move into performance auditing in accordance with the level of their institutional development in particular, and the economic, social, and political development of their operating environment in general.

Thus, SAIs in countries with advanced economies should expand the scope of their audits to incorporate a broader and more accurate vision of public institutional management results. The development of performance auditing should be a major objective for these institutions and should be pursued along with other audit-related disciplines, such as risk management and strategic auditing, which are increasingly crucial in today's constantly changing environment.

Editorial

SAIs in emerging countries should consolidate their achievements and experience in financial auditing of regularity and compliance and undertake performance auditing that will promote sound and effective public financial management.

Finally, SAIs in developing countries must first develop effective audits of regularity and compliance. These audits are a prerequisite for developing a culture of control and accountability within public institutions and are essential to control and track financial flows. Only in this way can SAIs gradually proceed towards more expanded auditing, such as performance auditing.

An SAI can move into performance auditing without first establishing a fully developed conceptual, procedural, and organizational framework. Initial efforts in this area should be measured, the approach should be flexible, and implementation should be gradual. Obviously, permanent improvement in methodologies and procedures can continue in parallel while the SAI gains maturity.

### **Modalities for SAI Capacity Building**

Capacity building should not be perceived simply as a technical process of transferring knowledge or organizational structures. Rather, it must consider the context and environment within which an SAI operates.

Though internal capacity-building programs are most likely to be successful and sustainable, certain SAIs face extensive capacity-building challenges that require them to seek external support to undertake these programs. Such support, however, must not compromise their independence. In this respect, INTOSAI's Capacity Building Committee (CBC) seeks to address this need through bilateral, regional, and multilateral efforts, seeking to ensure the possibility for each INTOSAI member to take advantage of capacity-building initiatives, according to its needs, to strengthen its independence and professionalism.

An adequate capacity-building program must result in certain basic outcomes:

- **Strengthening the SAI's independence:** An independent SAI must receive the resources it needs at both the institutional and professional levels.
- **Strengthening the SAI's institutional status:** Capacity building helps clarify the SAI's status and relationship with other government and parliamentary institutions.
- **Developing highly qualified staff:** Staff quality in auditing, especially for performance audits, is a key element in the success of auditing missions. SAIs' staff profiles and competencies should reflect the diversity of the areas covered in audits of the management of public institutions. Qualified staff can be developed through both initial training in the various aspects of audit and ongoing training to ensure the constant updating of their skills and competencies.
- **Effective, professional, and stable SAI leadership:** Leaders must develop and implement strategic plans and comprehensive, realistic action plans with particular focus on priorities. These plans must be compatible with both ongoing reforms

in the nation's public financial management and best practices (e.g., INTOSAI standards and guidelines).

- **Strengthening relationships with stakeholders:** To be effective, an SAI should, to the extent allowed by its mandate, create close links with stakeholders. At the same time, the SAI should maintain its independence from the Parliament, the government, audited entities, the media, public opinion, and civil society.

## Conditions for Carrying Out the Capacity-Building Process

Successful implementation of capacity building requires political support, appropriate regulation, leadership, and active involvement from SAI heads. All these elements must be joined together to ensure adequate funding and partnerships that can help strengthen institutional capacity.

Capacity building should enable SAIs to better use their existing capacities and also create new professional, organizational, and institutional capacities. To achieve this result, SAIs must adequately assess their needs and establish an appropriate schedule of planned actions to accomplish their purposes.

The success of this capacity-building process requires commitment on the part of both SAIs and the international community. Two recent developments within INTOSAI have affirmed this dual commitment:

- **A growing awareness of the need for professional and institutional capacity building.** Capacity building must be carried out on an institutional platform. The capacity level achieved by an SAI depends in large part on the achievement of its established objectives.

SAI capacity can be defined and assessed not only by means of the legal principles governing the work performed, but also by means of the application of good practices that ensure the practical implementation of the SAI's set objectives. Accordingly, SAIs must recognize the importance and value of strengthening their institutional capacity, as well as the benefits this increased capacity brings to their performance. Therefore, the first steps in carrying out capacity-building aims are developing the audit culture, staff motivation, and a commitment to leadership.

- **A global partnership strategy with donors to promote capacity-building projects through donors' involvement in funding SAIs' development and modernization programs.** Within this context, INTOSAI and donors signed a memorandum of understanding (MOU) in October 2009 in Brussels and established governing bodies for this collaborative effect in Marrakech in February 2010. This MOU envisions that the donors' financial support will be compatible with the conditions needed to implement development and modernization programs. These conditions may include measures that reinforce SAIs' institutional status, improve their financial and materials means, manage their resources, set up strategic planning, improve their working methods (audit manuals and information systems), and provide appropriate training for auditors.

## **Conclusions**

The development of public auditing and SAI capacity building must go hand in hand in a context that fosters the independence of these institutions. Because this process is both time-consuming and resource-intensive, SAIs should adopt a progressive approach involving the gradual implementation of a developmental audit program (that includes performance auditing, risk assessment, etc.). This process must be conducted on a reasonable scale, with specific objectives and in accordance with the resources and workforce available to the SAI.

From the very beginning, SAIs are the best qualified to identify and define their needs and objectives, as well as the means and tools necessary for the success of their missions. They are also called upon to be prepared to cope with ongoing changes in their internal and external environments and develop a culture of accountability and professional ethics that is essential to their success.

# NEWS

IN

*brief*



## *Australia*

### **Report Recommends New Powers for Auditor-General**

A report from the Parliamentary Joint Committee of Public Accounts and Audit has recommended significant new powers for the Auditor-General and the Australian National Audit Office (ANAO).

The committee's report, *Inquiry into the Auditor-General Act 1997*, contains 13 recommendations, including

- ensuring that the Auditor-General has sufficient legislative backing for assurance reviews the Parliament may wish him to carry out;
- removing antiquated restrictions on the Auditor-General's capacity to initiate audits of Commonwealth government business enterprises;
- enhancing the Auditor-General's role in reviewing the adequacy of agency performance indicators; and
- giving the Auditor-General greater authority to "follow the dollar" where non-Commonwealth bodies receive Commonwealth funding to deliver agreed-upon outcomes.

According to the Chair of the committee, the report completed an inquiry into the provisions of the

*Auditor-General Act 1997*, which replaced the *Audit Act 1901*, and formally recognized the Auditor-General as an "Independent Officer of the Parliament." The Chair stated that the act greatly strengthened the independence of the Auditor-General and the ANAO and reflected many of the recommendations the committee made in its October 1996 report, *Guarding the Independence of the Auditor-General*, and earlier reports.

In February 2009, the committee resolved to review whether the provisions of the *Auditor-General Act 1997* remained adequate in the modern public sector environment, noting at the time that 8 years had passed since the committee's last review.

The committee report acknowledged what the Institute of Public Administration Australia had described as the "glaring gap" in accountability of Commonwealth grants to states and territories and supported the need for changes to the Auditor-General Act 1997 to enable the Auditor-General to access information and records relating to the use of Commonwealth funds. The committee report also recognized the increasing use of contractors to implement government programs and services.

The committee considered it imperative that the Auditor-General be provided with the statutory authority to address these issues.

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Web site: [www.anao.gov.au](http://www.anao.gov.au)

## *Azerbaijan*

### **Annual Reports Presented to Parliament**

The Chamber of Accounts of the Republic of Azerbaijan presented to the Parliament its opinions on the 2011 state budget of Azerbaijan and the 2011 budget of the State Social Protection Fund.

To improve the quality and effectiveness of its audits, the chamber approved new legislation on rules for conducting joint and parallel audits with the SAIs of other countries.

For additional information, contact the Chamber of Accounts:

E-mail: [office@ach.gov.az](mailto:office@ach.gov.az)  
Web site: [www.ach.gov.az](http://www.ach.gov.az)

## Brazil

### Court of Audit Elects a New President

On December 1, 2010, Minister Benjamin Zymler was elected President of the Brazilian Court of Audit (TCU) for 2011 by the other eight TCU ministers. According to the TCU's Organic Law, a president may be reelected for one additional 1-year term.



Benjamin Zymler

Minister Zymler took office on December 8 in a ceremony attended by President of the Republic Luis Inácio Lula da Silva, President-elect Dilma Rousseff, and other government leaders. During the ceremony, Minister Zymler emphasized his goal of continuing to modernize the TCU to enable it to fulfill its constitutional duties in an exemplary fashion. He argued that government oversight cannot improve without the cooperation of audited bodies and stressed the importance of acknowledging the potential of public managers to contribute to the oversight process. Minister Zymler stated his intent to improve the TCU audit planning system during his term. To accomplish this end, audit teams must have access to

strategic information, primarily through public databases, which also requires the cooperation of auditees.

The new TCU president considers audits of public works and privatizations, as well as public-private partnerships, essential. He stated that continued progress in these areas depends on training auditors and, in the case of public works, acquiring modern assessment equipment. Capacity building for auditors and managers of public funds will merit special attention during Minister Zymler's presidency.

Minister Zymler holds bachelor's degrees in electrical engineering and law as well as a master of laws degree from the University of Brasilia. He became an auditor at the TCU in 1992 and was selected to be a substitute minister in 1998. He was appointed one of the nine TCU ministers in 2001. In addition to his work at the TCU, he has taught administrative law at public and private institutions and is the author of four books on administrative law and public auditing.

For additional information, contact the TCU:

E-mail: [arint@tcu.gov.br](mailto:arint@tcu.gov.br)  
Web site: [www.tcu.gov.br](http://www.tcu.gov.br)

## Canada

### Auditor General to Retire in May

After 10 years as the Auditor General of Canada, Sheila Fraser will be leaving the office when her mandate ends on May 30, 2011.

As Auditor General, Ms. Fraser focused her office's efforts on serving the needs of parliamentarians by providing them with objective and reliable information to hold Canada's public service

to account for its stewardship of public funds. The end of Ms. Fraser's mandate will be marked by the tabling of two separate reports.



Sheila Fraser

The first report, *Matters of Special Importance—2011*, prefaces the Auditor General's 2011 Status Report. Ms. Fraser established Status Reports in 2002 to give parliamentarians a review of the government's progress in acting on commitments made in response to recommendations in previous audits. In her last Status Report as Parliament's Auditor General, scheduled for tabling in early May 2011, Ms. Fraser reflects on areas where progress has been made and underscores two significant challenges that, in her view, remain of particular concern as her term draws to a close.

The second report, *Serving Parliament through a Decade of Change*, will be tabled in mid-May 2011. A retrospective of the last 10 years, it focuses on some events and changes that have had an impact on the way the Office of the Auditor General of Canada operates and serves Parliament. It touches on the office's independence from government, the relevance of the office's work, and



its efforts to continuously improve the quality of its audit work and demonstrate transparency and accountability to Parliament.

Both reports will be available on the Office of the Auditor General Web site ([www.oag-bvg.gc.ca](http://www.oag-bvg.gc.ca)) after tabling.

During her career, Ms. Fraser has worked to serve the auditing and accounting professions at both the national and international levels. She has been active on the boards and committees of various accounting and auditing organizations. She chaired the INTOSAI Subcommittee on the Independence of Supreme Audit Institutions, whose work was formalized in the *2007 Mexico Declaration on SAI Independence*.

For her noteworthy service to her profession, Ms. Fraser has received many awards and honours. These include the Ontario Institute of Chartered Accountants' Award of Outstanding Merit—the highest distinction the organization bestows upon its members—which she received in 2009. Ms. Fraser has also received 10 honorary doctorate degrees from Canadian universities for public service and service to the profession.

For additional information, contact the Office of the Auditor General:

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## China

### New Regulation on Economic Accountability Audits

In recent months, the General Office of the Communist Party of China (CPC) Central Committee and the State Council jointly released the *Regulation*

*on Audits of Economic Accountability for Leading Party and Government Officials and Leaders of State-owned Enterprises*.

Focusing on supervising the use of power and preventing corruption, the regulation underlines officials' responsibilities in promoting transparency when exercising their powers. It stresses mutual supervision among officials who exercise powers of decision making, enforcement, and supervision. It stipulates that audits are to be carried out during an official's tenure to resolve any problems that exist. Audit results are to be recorded in an official's file and will be an important factor in performance assessments, promotions or removal, and rewards or punishments. In addition, the regulation specifies different punishments for the collective leading organizations and individual leaders.

China introduced the first such regulation in 1999, but it only included measures to audit financial records of party and government officials at the county level or below. Audits were extended to provincial governors and ministers in 2000 on a trial basis and to heads of provincial government departments in 2005. The newly released regulation adds more articles detailing supervisory instructions and liabilities. For example, audits of provincial governors and ministers will examine their implementation of economic policies, handling of income and expenses, key fund management, and project construction. More importantly, the audits are to be carried out frequently, so illegal activities can be cleared up before they become more widespread.

Chinese auditors have been conducting economic accountability audits nationwide as an important initiative of the CPC to fight corruption.

Since 1998, audits of some 410,000 party and government officials and leaders of state-owned enterprises have uncovered more than 68.4 billion yuan (US\$10.2 billion) in illegal use of funds. These efforts have contributed greatly to making leading officials more aware of their obligation to fulfill their responsibilities in accordance with the law, to improving management and supervision mechanisms for officials, and to promoting efforts to build a prevention and punishment system to fight corruption.

### Newly Amended National Auditing Standard Issued

The newly amended *National Auditing Standard of the People's Republic of China* was signed by Liu Jiayi, Auditor General of China, on September 1, 2010, and went into effect on January 1, 2011.

The new *National Auditing Standard* is applicable to all types of audits and stipulates basic professional audit procedures. It identifies ethical standards for performing legally mandated auditing responsibilities, professional criteria for carrying out audit operations, and benchmarks to evaluate audit quality. The revision and release of *National Auditing Standard* is an important step forward in improving the legal framework for auditing in China and another key element in the drive to modernize audit practices, following amendments to the *Audit Law and Regulations for the Implementation of the Audit Law*. It will be a critical link in standardizing the operations of audit institutions and auditors in areas such as audit quality control and assurance, reducing audit risk, and safeguarding the healthy operation of national economy and society.

## **Audit Seminar for SAIs in the Pacific Region**

From August 30 to September 8, 2010, the National Audit Office of China (CNAO) held an audit seminar for SAIs in the Pacific region. Attendees included 22 delegates from 11 countries in the region, including 7 Auditors-General and 3 Deputy Auditors-General.

The seminar consisted of discussions and a study tour. The discussions were held in Dalian, Liaoning Province, in northeastern China. Delegates learned about China's auditing system, environmental policy, environmental audits, social security system, social security audits, and capacity building of Chinese auditors. For the study tour, delegates went to Shanghai to visit the World EXPO and to Beijing to visit the Forbidden City and Great Wall.

Liu Jiayi, Auditor General of China, and other CNAO officials attended the opening and closing ceremonies and addressed the delegates.

At the closing ceremony, delegates expressed their appreciation for this journey to China and shared their impressions of China's rapid socio-economic development and ancient culture and the hospitality of the Chinese people. They also expressed their interest in enhanced communication and exchanges of auditing experience between China and the PASAI countries, and continued training opportunities.

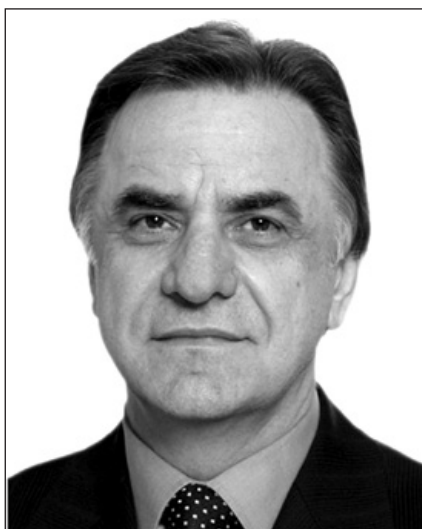
For additional information, contact the CNAO:

E-mail: [cnao@audit.gov.cn](mailto:cnao@audit.gov.cn)  
Web site: [www.audit.gov.cn](http://www.audit.gov.cn)

## *Croatia*

### **New Auditor General of the State Audit Office**

In December 2010, the Parliament of the Republic of Croatia appointed Ivan Klešić as the Auditor General of Croatia, to succeed Šima Kراسić. Mr. Klešić will serve for 8 years. He graduated from the Faculty of Economics, University of Zagreb, where he also completed postgraduate specialist studies and attained a master's degree.



Ivan Klešić

After graduation, he worked in management positions in the private sector and was later employed in the civil service. From 1991 to 1996, he worked in the Ministry of Interior–Karlovac Regional Office as the department head for financial, accounting, personnel, and legal affairs. In 1996, he started work at the State Audit Office, where was head of the Karlovac Regional Office for 15 years. During his career, he obtained certifications in the fields of management, accounting, and auditing and has published a number of professional articles.

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Web site: [www.revizija.hr](http://www.revizija.hr)

## *Cyprus*

### **Death of Deputy Auditor General**

With deep sadness, the Audit Office of the Republic of Cyprus announces that George Kyriakides, Deputy Auditor General, passed away on December 6, 2010.

Mr. Kyriakides had served the Audit Office with exemplary dedication and diligence since 1982. He was appointed Deputy Auditor General in August 1998.

Mr. Kyriakides' death leaves an enormous void, not only in the office but also in the country. He was a competent and honest officer with a deep sense of duty and will be sorely missed.

For additional information, contact the Audit Office of Cyprus:

E-mail: [cao@audit.gov.cy](mailto:cao@audit.gov.cy)  
Web site: [www.audit.gov.cy](http://www.audit.gov.cy)

## *Estonia and Thailand*

### **Memorandum of Understanding on Environmental Auditing**

In January 2011, the National Audit Office (NAO) of Estonia and the Office of the Auditor General (OAG) of Thailand signed a memorandum of understanding for a cooperation project to strengthen the OAG's capacity in environmental auditing. The program will be financed by the World Bank and implemented by the end of May 2011.

The NAO and an OAG task force are collaborating on a needs assessment and analysis in the area of environmental auditing. On the basis of that assessment, NAO experts will share their knowledge and experience on the organization of environmental audits with their OAG colleagues. The project also envisions that the NAO experts will design and deliver a 5-day training course customized to the needs of the OAG environmental auditors.

For additional information, contact the NAO:

E-mail: [riigikontroll@riigikontroll.ee](mailto:riigikontroll@riigikontroll.ee)  
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## Germany

### Annual Report Issued

In November 2010, the German SAI published its 2010 annual report, which called for the German government to comply with the new constitutional borrowing limit. To comply with the new limit, structural borrowing must be gradually reduced to a maximum 0.35% of GDP, or around €10 billion, by 2016. The reduction in borrowing was to start in 2010. The SAI reported that existing savings plans are “scarcely adequate” given that spending cuts had not been specified for some government operations and a consolidation gap of €4.8 billion still existed for 2014. Furthermore, the federal government’s sharp increase in the number of guarantees granted poses risks for future federal budgets. The report refers to numerous budget consolidation proposals the SAI has made in recent years, especially its repeated calls for cuts in tax expenditures—the abolition of tax privileges that, in addition to stabilizing public finance, could contribute to a simpler and more transparent

tax system, thereby fulfilling a wish expressed in many German quarters.

Apart from this general issue, the annual report highlights the potential for significant financial management savings across a number of federal departments and agencies.

In the past year, the German SAI’s audits looked into questions such as the following:

- Do direct federal grants achieve their intended objectives?
- Is the need for programs or procurements identified accurately *before* their implementation?
- Are taxes levied for the full amounts due?
- Is the principle of good value-for-money observed in the field of social security?

The annual report also addresses such government operations as road and railroad construction, defense procurement, health care expenditures, and potential amendments to tax law.

The full report is accessible on the Web site of the German SAI.

For additional information, contact the German SAI:

E-mail: [Poststelle@brh.bund.de](mailto:Poststelle@brh.bund.de)  
Web site: [www.bundesrechnungshof.de](http://www.bundesrechnungshof.de)

## Japan

### New President and Commissioner Appointed

Hiroyuki Shigematsu, a Commissioner of the Audit Commission, assumed office as President of the Board of Audit of Japan on February 25, 2011, succeeding Masaki Nishimura, whose mandate expired on February 16, 2011.

Mr. Shigematsu joined the Board of Audit in 1972 and held many important positions within the General Executive Bureau. Prior to his appointment as a Commissioner in 2009, he was the Secretary General of the Board.

In a related move, Yuji Morita was appointed as a Commissioner of the Board on February 21, 2011. Mr. Morita is a certified public accountant and worked as a partner of Deloitte Touche Tohmatsu Limited before his appointment. In addition, he has been a member of various government advisory boards.



Hiroyuki Shigematsu

A commissioner serves a 7-year term or until he/she reaches the mandatory retirement age of 65. The President of the Board is appointed by the Cabinet on the basis of a peer election among three commissioners.

For additional information, contact the Board of Audit of Japan:

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## *Lithuania*

### **National Audit Office Strategic Plan Seeks to Enhance the Impact of Public Auditing**

Giedrė Švedienė, the Auditor General of the Republic of Lithuania, has approved the Public Audit Strategic Plan for 2011–2015, which focuses on enhancing the impact of public auditing.

Ms. Švedienė stated that the objective and duty of the Lithuanian audit office—in its capacity as a supreme audit institution—is to promote the greater impact of public audit, more efficient use of available resources, and strengthening of the professional expertise of its staff. She affirmed that the competent and experienced staff of the National Audit Office of Lithuania is ready to implement ambitious strategic goals.

Enhancing the impact of public audit is one of the key strategic objectives highlighted in the 5-year Public Audit Strategic Plan. An appropriate and purposeful dissemination of public audit results both inside and outside the SAI is expected to enhance the impact of audits, while expanding cooperation efforts will increase staff expertise, which will, in turn, lead to greater confidence in the audits that are carried out and their results.

Developing the processes that support public audit will also promote the efficient conduct of public audit and result in improved performance. The efficiency of the office's performance and the impact of its public audits will also be increased by strengthening resources and time management, monitoring performance processes, improving personnel management, and integrating information systems—

along with developing a public audit methodology.

The strategic plan envisions measures that will allow the office to better address reforms taking place in the public sector. Starting in 2012, the National Audit Office will be required to issue an opinion on the government's financial statements and reports. Therefore, public auditors need to be ready to address new developments in public sector accounting as well as an increasing scope of audit. Higher public expectations also influence the scope and performance of public audits. The public expects a considerable contribution from public audit to the transparency of public sector activities, efficient management of state property, and economic use of the state budget funds. The National Audit Office of Lithuania is ready to continuously monitor and respond to these challenges in a timely manner.

For additional information, please contact the National Audit Office of Lithuania:

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## *Romania*

### **Capacity Building and Recent Activities at the Court of Accounts**

The Romanian Court of Accounts (RCA) has developed an institutional development strategy for 2010–2014. To build on this strategy, the court has also issued information technology and communication strategies for that same period that are designed to harmonize its operations with best practices in capacity building. All three strategies have been posted on the RCA's Web site in Romanian and English. In the near

future, the RCA plans to issue its human resources strategy for 2011–2014.

In February and March 2011, the RCA's activity report for 2010 and the public 2009 annual report were sent to Parliament.

In February 2011, Ovidiu Ispir, the Romanian member of the European Court of Auditors, visited Romania and presented the court's 2009 annual report to the RCA and the Romanian Parliament.

In April 2011, the president of the Slovak SAI will pay an official visit to discuss the framework of an existing bilateral agreement for cooperation.

For additional information, contact the RCA:

E-mail: [international@rcc.ro](mailto:international@rcc.ro)  
Web site: [www.curteadeconturi.ro](http://www.curteadeconturi.ro)

## *Samoa*

### **New Controller and Chief Auditor**

In September 2010, the head of the Independent State of Samoa appointed Fuimaono Camillo Afele as the new Controller and Chief Auditor. He succeeds Tamaseu Leni Warren, who had served in that position for 12 years. Under Mr. Warren's leadership, the Samoa Audit Office took many strides forward, especially in the areas of capacity building and institutional strengthening.

Mr. Afele has been with the Audit Office for 12 years and, before his appointment, served as Deputy Controller and Chief Auditor. Mr. Afele was born and raised in Samoa. He joined the Samoa Audit Office after graduating from Otago University, New Zealand, in 1995.

Throughout his career, Mr. Afele has been actively involved in PASAI activities. He graduated from the Long Term Regional Training Program as a Training Specialist and received the INTOSAI Development Initiative's Diploma in Adult Training, Certificate in Course Design and Development, and Certificate in Instructional Techniques. He has designed and delivered training courses for PASAI participants with other PASAI Training Specialists.



Fuimaono Camillo Afele

Mr. Afele is a member of the Samoa Institute of Accountants, New Zealand Institute of Chartered Accountants, and the New Zealand Institute of Management. In addition to his bachelor of commerce degree from Otago University, Mr. Afele also holds a master of public policy and management degree from Monash University, Australia.

Mr. Afele was attached to Audit New Zealand in 2002 to study and learn audits of performance measures. Most recently, he graduated from the United States Government Accountability Office (GAO) international fellowship program, where he learned about audit systems and processes of the GAO.

### Ongoing Institutional Strengthening and Capacity-Building Activities

Mr. Afele's appointment coincided with the completion phase of the Audit Office Institutional Strengthening Project (ISP), which began in November 2008 and is to be completed at the end of April 2011. The ISP has laid down the foundations and processes for ongoing analysis and reviews to address future changes in areas such as law, processes, systems, methodologies, technology, skills, and knowledge.

The Audit Office Institutional ISP made significant reforms to infrastructural and working tools and to staff skills, knowledge, and attitudes. These reforms included enhancements to corporate and annual planning, job scheduling, project management, and annual reporting to Parliament. The ISP built new capabilities in information technology (IT), performance, and environmental auditing.

As a result of the ISP, the Audit Office has performance and IT audit units that will be staffed by personnel trained by performance and IT audit experts both in Samoa and overseas. Manuals and policies were also developed to guide staff in implementing their new skills and knowledge. The Audit Office will be able to conduct not only financial audits supported by IT audits but also performance and environmental audits that will look into economy, efficiency, and effectiveness in the acquisition and use of public resources as well as the impact of development activities on the environment and natural resources.

The Audit Office also has the capability to assess the legislative improvements it needs to strengthen its governance and resourcing and to align its legislative framework with its actual practice, performance, and operations.

The ISP's project management component enhanced the Audit Office's ability to analyze all aspects of its operations to identify gaps between its current status and better or leading practices so that it can design and implement future capacity-building and institutional strengthening activities.

The ISP reforms need to be sustained. The policies and manuals developed by the project's human resource and practice management components will ensure ongoing training, surveying, coaching, and mentoring of staff as well as succession, corporate, and annual planning and risk management.

The reforms instituted under the performance audit and practice management components will improve the services and reports the Audit Office will provide to Parliament and its select committees. It is envisaged that these reports

- will increase in number,
- be more frequent and timely in content, and
- include observations and recommendations for improvement from financial, IT, performance, and environmental audits and special examinations/enquiries.

The new Controller and Chief Auditor plans to continue building sustainable bases to ensure that the continuity and momentum of the reforms are not discontinued as a result of staff turnover or obsolescence in skills, knowledge, methods, processes, systems, and technologies associated with ongoing global changes and developments.

He also looks forward to continue the cordial and warm professional relationships and mutual cooperation that the Samoa Audit Office has enjoyed in past years from colleagues and stakeholders.

For additional information, contact the Samoa Audit Office:

E-mail: [info@audit.gov.ws](mailto:info@audit.gov.ws)  
Web site: [www.audit.gov.ws](http://www.audit.gov.ws)

## Saudi Arabia

### Term of General Auditing Bureau's President Renewed

In February 2011, a royal decree was issued to renew Osama Faqeeh's term as President of the General Auditing Bureau (GAB) for 4 years. Mr. Faqeeh is currently the Second Vice-Chairman of the INTOSAI Governing Board, Chairman of the Finance and Administration Committee, and Co-Chair of the INTOSAI-Donor Cooperation Steering Committee.

### GAB's Annual Meeting

The 11th annual meeting for officials of the GAB's departments and branches was held in February 2011. The topics discussed during the meeting included enhancing auditing and improving the efficiency of deliverables within the framework of the GAB's Second Strategic Plan (2010–2014) and action programs.

### Internal Training Programs

The GAB held an information technology audit course for 25 of its staff in January 2011 in its headquarters office in Riyadh. Two experts from the Office of the Auditor General of Pakistan conducted the training, and an IT audit guideline was developed.

For additional information, contact the GAB:

E-mail: [gab@gab.gov.sa](mailto:gab@gab.gov.sa)  
Web site: [www.gab.gov.sa](http://www.gab.gov.sa)

## Switzerland

### Audit of Flat-Rate Value-Added Tax

The Swiss approach to raising value-added-tax (VAT) envisions a simplified system for companies whose annual income is less than 5 million francs (US\$5.2 million). This type of taxation applies a flat rate to net tax liability; it takes into account only actual income, which is taxed at a predetermined rate depending upon the trade sector. The higher the value of goods or services purchased in the particular sector, the lower the flat rate of tax.

Within this flat-rate system, setting the rates for different trade sectors is a controversial issue. The Swiss parliament mandated that the Swiss Federal Audit Office (SFAO) regularly verify that the rates have been fixed in a proper manner. Since January 2010, the SFAO has been carrying out this complex task. It has many financial and political implications—for example, how to ensure that all trade sectors are treated equally, how to deal with mixed or atypical businesses, and how to ensure that accounting processes are reliable and traceable from a statistical point of view.

The SFAO hopes to exchange experiences with SAIs from other countries that are also involved in auditing this flat-rate taxation method.

For additional information, or to share your experiences in this area, please contact the SFAO:

E-mail: [martin.koehli@efk.admin.ch](mailto:martin.koehli@efk.admin.ch),  
[info@efk.admin.ch](mailto:info@efk.admin.ch)  
Web site: [www.sfao.admin.ch](http://www.sfao.admin.ch)

## European Court of Auditors

### Re-election of Court President for a Second Term

In January 2011, the 27 Members of the European Court of Auditors reelected Vítor Manuel da Silva Caldeira as the court's President for a second 3-year term. The President supervises the performance of the court's work and represents the institution in its external relations.



Vítor Manuel da Silva Caldeira

Mr. da Silva Caldeira is Portuguese and became a member of the European Court of Auditors in March 2000. He was elected as the institution's President in January 2008 and, during his first term of office, oversaw a reform of the court's structure and decision making through the introduction of a chamber system. These reforms streamlined the court's management, making it more efficient and able to use its resources in the most effective manner.

Prior to becoming President, Mr. da Silva Caldeira was Dean of the court's CEAD Group, which has responsibility for coordination, evaluation, assurance,

development, and communication. Between January 2002 and March 2006, he was the member responsible for the court's statement of assurance.

Before joining the court, Mr. da Silva Caldeira held various senior positions dealing with audit and financial control in the Portuguese national administration.

For additional information, contact the European Court of Auditors, Directorate of the Presidency:

E-mail: [liaison.officer@eca.europa.eu](mailto:liaison.officer@eca.europa.eu)  
Web site: [www.eca.europa.eu](http://www.eca.europa.eu)

## *Institute of Internal Auditors*

### **INTOSAI Represented on New IIA Oversight Council**

The Institute of Internal Auditors (IIA) formed a new International Professional Practices Framework (IPPF) Oversight Council in October 2010 to serve as an independent evaluator and advisor to the IIA Global Board of Directors on the rigor of the IIA's standard-setting processes. The seven-person international council is charged with monitoring the process for developing the IPPF's authoritative guidance for internal audit professionals around the world. Henrik Otbo, Chair of the Professional Standards Committee and Auditor General of Denmark, is INTOSAI's representative to the council.

"Because of legislative and market demands for increased governance in recent years, the internal audit profession has grown exponentially in both scope and demand," stated Richard Chambers, IIA President and CEO. "With this growth has come an immediate need for more guidance. Formation of the council helps ensure that IIA guidance is developed in the public interest and is responsive to

the needs of the global internal audit profession. Furthermore, formation of the council complements the IIA's ongoing advocacy efforts to increase recognition of the standards and internal auditing's value proposition."

In addition to INTOSAI, the other organizations represented on the council are the International Federation of Accountants, the World Bank, the Organisation for Economic Co-operation and Development, and the National Association of Corporate Directors. Also serving on the council are the chairman emeritus of the Committee of Sponsoring Organizations of the Treadway Commission and a former chairman of the IIA's Global Board of Directors.

The council's oversight will layer additional rigor on top of the IIA's existing standard-setting process. The council will

- evaluate the due-process procedures for setting standards and guidance,
- review the charters of the IIA committees involved in the standard-setting process,
- recommend process improvements to the IIA's Board of Directors, and
- communicate in the IIA's annual report on the adequacy and transparency of the due process employed for standard setting.

"Guided by its collective commitment to inclusiveness, transparency, diligence, timeliness, and other principles that will generate the confidence of all internal audit stakeholders, the council will provide ongoing assurance that the IIA's standards are of the highest caliber and are properly responsive to the public interest," said IIA Global Chairman of the Board Günther Meggeneder. "This ensures there's

due diligence in place for our standard-setting process, and is a major milestone for internal auditing becoming universally recognized as a profession."

To learn more about the IPPF and its new Oversight Council contact the IIA:

Web site: [www.theiia.org/Guidance](http://www.theiia.org/Guidance)  
E-mail: [guidance@theiia.org](mailto:guidance@theiia.org)

The author, a lawyer with the Audit Office of Saxony, Germany, worked for German Technical Cooperation (GTZ) in the Republic of Georgia from May 2007 to December 2008 as the leader of a project to support the Chamber of Control of Georgia in developing an audit methodology that complies with INTOSAI standards.

## INTOSAI Standards and Capacity Building: A Case Study from the Chamber of Control of Georgia

by Jens Porzucek, Audit Office of Saxony

INTOSAI's standards, now codified in the International Standards of Supreme Audit Institutions (ISSAI), play a major role in the development of supreme audit institutions (SAI). International development organizations support SAIs in their efforts to develop capacity and comply with INTOSAI's standards.

The reform process recently undertaken by the Chamber of Control of Georgia illustrates the importance of INTOSAI standards in capacity-building efforts. The international development organizations involved in those efforts—the European Union, the United Nations Development Program, the World Bank, and German Technical Cooperation (GTZ)<sup>1</sup>—supported the chamber and collaborated with it to achieve the same objective: transforming the chamber into an SAI that functions in accordance with INTOSAI's principles and standards. This objective corresponds with goal 2 of INTOSAI's Strategic Plan: "Institutional Capacity Building—Build the capabilities and professional capacities of SAIs through training, technical assistance, information sharing, and other capacity-building activities."

This article discusses efforts to develop the chamber's legal framework, audit methodology, and training initiatives and how INTOSAI standards have contributed to and informed those efforts.

### Background

Since Georgia gained its independence in 1991, it has been undergoing a political and economic process that has moved it toward democracy, the rule of law, and a market-oriented economy. Georgia suffered from economic crises and civil unrest during the 1990s. However, following the bloodless November 2003 "Rose Revolution," the new Georgian government initiated an extensive reform program to promote political stability and economic growth. Since then, the country has experienced the fastest economic growth in its history. Even the August 2008 armed conflict between Russia and separatist groups from South Ossetia and Abkhazia on the one hand and Georgia on the other did not stop the reform process.

The Chamber of Control has supported the reform process and plays a key role in holding the government accountable for the proper and effective use of public funds, increasing the efficiency of administrative activities, improving budget classification and accounting systems, and promoting anticorruption efforts and other public management priorities. Government auditing depends on the performance of its SAI,

<sup>1</sup>In January 2011, the GTZ merged with several other development organizations and is now known as GIZ. The GIZ is a federally owned enterprise that supports the German government in achieving its objectives in the field of international cooperation for sustainable development.



and the chamber is currently working to develop the capabilities needed to fulfill its mandate.

The constitution of Georgia defines the independence of the Chamber of Control and specifies its authority and functions:

- The chamber shall be independent in its activity.
- The chamber shall supervise the use and expenditure of state funds and of other material values.
- The chamber shall also be authorized to examine the activities of other state bodies of fiscal and economic control and submit proposals on improving tax legislation to the Parliament.
- The chamber's basic audit powers are defined by the Constitution. Laws define the chamber's authority, organization, and procedures and guarantee its independence.

### **Legal Framework**

A new law on the Chamber of Control passed the Georgian Parliament in December 2008. Before the law was passed, different international donor organizations gave advice, and discussions were held between the chamber and the Parliament. The goal was well defined: the law should comply with INTOSAI standards. Simply translating the existing law of another country's SAI would not be sufficient. One country's law can be an example to another, but it cannot be a draft. The specific environment of the country must be taken into consideration.

The process of legal advice followed in Georgia illustrates INTOSAI principles found in the Lima Declaration (sections 8 and 18): an SAI's audit powers and relationship to Parliament will depend on the conditions and requirements of each country. There is no single blueprint for an SAI's legal framework that can or should always be followed. Therefore, the discussions between the chamber and the Parliament were very important throughout the process. Only Georgian institutions and government bodies could identify potential legal consequences and effects. As a result of this process, the new law of the Chamber of Control corresponds to INTOSAI standards.

### **Audit Methodology**

To date, the Chamber of Control has taken promising steps to develop its first reporting guidelines and several audit standards. Currently, the chamber is addressing the challenge posed by the need for an extensive and integrated audit methodology that will comply with INTOSAI's standards. Several donor agencies have supported the Chamber of Control in achieving this objective. Measures to develop and apply auditing methods include the elaboration, teaching, and implementation of procedures.

INTOSAI's Capacity Building Committee (CBC) has identified an SAI's need for appropriate audit working methods, guidance, and manuals.<sup>2</sup> An SAI must have audit methods that correspond to its role and mandate, available resources, its staff's skills, and the context in which it operates.

An audit methodology provides guidance on how an SAI should carry out its mandate, and an audit manual sets out that methodology. The manual supports the standardization of auditing procedures within an SAI and is also used as a reference book. It covers important areas such as an SAI's internal procedures, audit mandate and objectives, audit planning, audit tools and techniques, audit findings, and reports. An audit manual can be supplemented by specific audit guides on topics such as performance audit standards.

While developing audit manuals is a long-term process, audit manuals are essential to maintaining auditing quality. The Lima Declaration recommends that SAIs prepare audit manuals as an aid for their auditors (see section 13, paragraph 4) as does ISSAI 200: *General standards in Government Auditing and standards with ethical significance* (paragraph 1.2c).

The Chamber of Control has introduced procedures to prepare audit manuals, and developing a modern audit methodology is one of its main goals in the coming years. The chamber plans to adopt a modern audit approach that will change its function from regularity reviews to performance audits that examine the government's complete operations and transactions.

### **Training and Shared Experience**

Having a legal basis and an audit methodology that comply with INTOSAI standards will not guarantee that an SAI carries out its audits in accordance with those standards. The standards must be implemented in practice by the auditors and all individuals working for an SAI, who are its most important resource.

INTOSAI's Capacity Building Committee affirms that training and educating an SAI's professional staff is one of the most effective ways to build capacity. Training can also help an SAI to make capacity building sustainable.<sup>3</sup> During the past few years, donor organizations organized several different trainings within the Chamber of Control, including internships with associated joint audits, which are described in the following section.

### **Internships with Associated Joint Audits**

In 2003, the Chamber of Control of Georgia and the Hessian Court of Audit began a long-term technical cooperation initiative under the auspices of the German Technical Cooperation (GTZ) to improve the chamber's oversight of the use of public funds. While the initiative focused on developing capacity within the chamber, it also

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<sup>2</sup>Capacity Building Committee, *Building Capacity in SAIs: A Guide*, *cbc.courdescomptes.ma*, p. 26.

<sup>3</sup>*Building Capacity in SAIs: A Guide*, p. 33.

benefited the Hessian Court of Audit. Despite its long tradition, the Hessian court also identified areas for potential improvement, as the working relationship encouraged the reevaluation of established structures. Learning about and understanding different SAI practices offered learning opportunities for both SAIs.

To support cooperation and knowledge transfer between both organizations, the two audit institutions organized several internships in Germany followed by associated joint audits in Georgia. These activities are comparable to the format of INTOSAI's training workshops, case studies, and pilot audits.<sup>4</sup>

As a first step, all project participants identified professional action areas. For example, the Chamber of Control named tax audits and audits of public works as key areas, and the Georgian auditors had the opportunity to work on audits in these areas and gain experience in related methods and procedures that complied with international standards.

Focusing on these practical themes, the exchange of experiences started with internships at the Hessian Court of Audit that offered the opportunity to apply international standards in practice. The Georgian auditors took part in different (1) audit phases, from planning an audit to the final reporting, (2) types of audit, such as regularity (financial) and performance audits, and (3) audit approaches (e.g., selective and cross-sectional audits). In addition, the auditors received extensive training on audit methods and techniques, such as interviews and analyses of files and databases, and took part in the fieldwork. With the audited entity's consent, they were able to observe the introductory discussion, the collection of relevant audit evidence, and reviews of the files.

The internships focused mainly on audit procedures. Following the internships, Georgian and German auditors carried out joint audits in Georgia on issues related to the internships. Like the trainings, the audits included the different phases of an audit, from drawing up the audit plan to preparing the audit report.

The Georgian and German auditors chose among the different possible audit approaches and conducted the fieldwork as a team. A joint audit of public works provided a good example of effective cooperation. The auditors criticized the quality of construction work and concluded that a building contractor had charged for services not performed. The Chamber of Control determined that claims should be pursued against the contractor and notified the relevant authorities.

### Keys to Success for Internships and Associated Joint Audits

The first and foremost condition for the success of internships and associated joint audits is the commitment of leadership in the partner institutions to support cooperation with another audit institution.

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<sup>4</sup>*Building Capacity in SAIs: A Guide*, p. 38

Second, internships and associated joint audits require a high level of organization. The Chamber of Control of Georgia and the Hessian Court of Audit had to take cooperative arrangements into consideration during their daily work. The dates for internships and joint audits had to be synchronized with the audit programs of both institutions. Auditors were released from their normal work for some weeks but continued to receive their salary. Simultaneous interpreters were vital to eliminating the language barrier.

Finally, internships and joint audits need to be evaluated. The Chamber of Control of Georgia and Hessian Court of Audit effort was subject to an independent evaluation, which proved to be very positive. The Georgian auditors widened their knowledge and applied the experience to future audits. Both audit institutions' staff members enjoyed active and committed collaboration. The participants exchanged information and ideas, and the activities offered challenging and satisfying work experiences.

### **Conclusions**

There is no universal prescription for developing an SAI. Many different types of measures build the capacities of an institution. Learning from one another and receiving support from partner institutions are particularly important. Close cooperation between a well-established organization and a developing SAI can support sustainable capacity building.

Internships at a recognized audit institution followed by joint audits at the developing SAI are one example of this type of cooperation. They offer learning opportunities for both institutions, promoting the effective exchange of experiences embodied in INTOSAI's motto, "Mutual Experience Benefits All." The development of an SAI is never completed. Even well-established audit institutions have to adapt to ongoing changes in their external environment. A close transnational cooperation ensures the exchange of experiences gained by putting INTOSAI's standards into practice.

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## The Importance of an Independent Standard-Setting Process

### Introduction

Governments must be held accountable for the collection of taxes and other revenues and the level, quality, and cost of services they provide. To do this, governments must prepare financial statements that are transparent and that meet the needs of a wide range of users. While legislatures want to assess the government's performance and stewardship of resources, resource providers and recipients of services also want to know how the government's resources are being used.

To achieve a successful accountability relationship and to have their informational needs met, users of government financial statements need the assurance that government financial statements are credible and have been prepared using accounting standards that are unbiased and transparent.

For financial statements to be credible they must be prepared following a set of understandable, enforceable, and objective principles that are not subject to the individual preference of the individual who is preparing them. While governments may adopt various mechanisms to ensure the development of such standards, such as advisory panels, the reference to standards established by an independent standard-setting process is preferable.

### Due Process in Standard-Setting

A successful standard-setting due process produces high-quality standards that yield relevant, reliable, neutral, consistent, and comparable financial statements that meet the needs of users. To achieve this goal, the standard-setting process must be rigorous, transparent, objective, and participatory. An independent standard-setting body ensures that the standards are not arbitrarily changed to suit the preferences of the current management, which could potentially result in inconsistent or misleading financial statements.

Standard setters should be free from undue funding pressures. They should not be dependent on political or corporate largesse and they should not be unduly influenced by special interest groups or significant economic players that want to paint a particular financial picture. However, independence does not mean the absence of accountability. A standard setter must be accountable for the timely maintenance of standards, for transparency in standard setting, and for meeting the public's needs.

Stakeholders' acceptance of the standard-setting process is important. Financial information users must be confident that, when the accounting standards are drafted, input is sought from all stakeholders, including preparers of financial statements, auditors, regulators, and other stakeholders. Ongoing discussion among stakeholders about the various implementation issues they encounter is important. If accounting standards are to have continuing relevance and use, stakeholders need to learn from

*editor's note*

The Subcommittee on Accounting and Reporting issued this document, which was approved by the INTOSAI Governing Board in November 2010 and endorsed by the XX INCOSAI. It is available in INTOSAI's five official languages under the Subcommittees tab of the Professional Standards Committee Web site at *psc.rigsrevisionen.dk* (Accounting and Reporting Subcommittee/ Research/ Discussion Papers and Others).

each others' experiences, and different points of view must be discussed and dealt with sensibly.

The recognized process for independent standard setting is as follows:

- Exposure drafts of new or revised standards are usually developed with input from a task force and from subject-matter experts.
- All interested stakeholders are encouraged to comment on the draft standards, which are widely distributed and publicly available.
- Comments are reviewed and the exposure draft is revised, as appropriate. If the revisions are substantive, a re-exposure draft may be issued.
- Once approved, the new or revised standards are officially issued.

Other common elements of an effective, independent accounting standard-setting body and supporting staff include

- a process for the selection of independent members of the standard-setting body and for monitoring their performance, and a conflict of interest policy;
- public meetings;
- an oversight process for the body in support of the public interest;
- adequate resources and sufficient technical expertise, skills, and experience; and
- a transparent process to identify and prioritize changes to the standards.

Also, the standard-setting body should be independent in both fact and appearance.

### **The Current Landscape**

Many countries have independent standard-setting bodies to develop and establish standards, and related guidance, for governing financial accounting and reporting.

At the international level, there are two independent standard-setting bodies established to issue high-quality, global accounting and reporting standards for the public and private sectors. The International Accounting Standards Board (IASB) was established by the International Accounting Standards Committee Foundation in 2001 to issue accounting and reporting standards for the private sector or publicly accountable profit-oriented enterprises. The International Federation of Accountants established the International Public Sector Accounting Standards Board (IPSASB) to set the standards for the public sector.

The INTOSAI Subcommittee on Accounting and Reporting conducted a survey in the spring of 2009 to identify the accounting standards used by each INTOSAI member country for reporting financial results. Respondents were allowed to select more than one choice.

The survey revealed the following:

- 22 percent of countries used IPSAS Accrual Basis.
- 24 percent used IPSAS Cash Basis.
- 24 percent used International Financial Reporting Standards (IFRS).
- 36 percent used the national standards established by their country's standard-setting body.
- 34 percent used other standards.

Of the respondents who indicated that their government used at least one non-international accounting standard, 45 percent indicated that their government has no plans to move to a set of international standards, while 55 percent indicated that their government was planning to move to one of the following three sets of international standards (respondents were allowed to select more than one choice):

- IPSAS Accrual Basis (76 percent of respondents),
- IPSAS Cash Basis (37 percent of respondents), and
- IFRS (34 percent of respondents).

As a result of the recent financial crisis, there has been an increased need for transparent and reliable financial reporting. Many national accounting bodies have made significant progress in bringing their national accounting standards in line with international accounting standards.

Independent standard-setting bodies, national and international, engage in similar activities and strive for the same outcome: well-informed readers of credible financial statements.

## Case Studies

**Canada.** Between the late 1970s and the end of the 1980s, the credibility of the Canadian government's financial statements was brought into question because there were no independent accounting standards to which both the government and the auditors could refer. At the time, during debates in the House of Commons, the government often described the situation as an "honest division of opinion" between two experts on technical accounting matters. It said that it could "list a number of accountants who will argue one side of this issue and a number who would argue the other side." Nobody was well served by this situation.

Fortunately, since that time, the Public Sector Accounting Board (PSAB) of The Canadian Institute of Chartered Accountants developed objective accounting standards for governments, and the Canadian government brought its accounting policies in line with PSAB standards. The government's stated accounting policies are not significantly different from Canadian generally accepted accounting principles. For 11 consecutive years, the Canadian government has received unqualified audit opinions on its summary financial statements.

**Denmark.** In 2008, the government of Denmark established an advisory committee, on the suggestion of the National Audit Office of Denmark, to advise the Minister of Finance on the development and maintenance of governmental accounting. The National Audit Office had come to realize that government accounting standards had to be updated in a more systematic and professional manner. For example, the existing process did not involve all relevant users. More profound discussions of new accounting rules and principles were needed to improve the quality of government accounting information. In the last three decades, the development of accounting principles used by the government had been inspired more or less by management accounting principles, supplemented in the last decade by introducing capitalization and depreciation of assets. The National Audit Office recognized the importance of seeking inspiration from the international accounting standards for developing its national standards for public sector accounting.

The main tasks of the advisory committee are threefold:

- Study the evolution and applicability of public international accounting standards for use in national governmental accounting.
- Monitor developments in private sector accounting rules and assess their applicability to the public sector.
- Advise the Minister of Finance on questions relating to the development and maintenance of cost-based and expenditure-based accounting in government.

The advisory committee, composed of representatives of the National Audit Office of Denmark and ministries, meets every 6 months. The committee has discussed issues such as new standards from IPSASB, accounting principles for infrastructure, a pension scheme for civil servants, and accounting principles for units outside the grant-funded state account. These discussions are seen as instrumental in the Ministry of Finance's decision-making process regarding accounting principles for state accounts.

## **Conclusion**

The setting of standards is not new. For decades, many countries have delivered high-quality, authoritative standards, through their own standard-setting bodies. In the public sector, financial statements are important documents that measure the government's stewardship of public funds. Objective financial reporting standards are crucial to the accountability of public sector entities as they set the requirements for preparing their financial statements.

Whatever the course they decide to follow, countries must ensure that they have a transparent, high-quality standard-setting process, which will ensure the credibility and usefulness of government financial reports.

We encourage the INTOSAI Congress to recognize and endorse the importance of a robust, objective, and transparent standard-setting process, preferably by an independent standard setter. It is through such processes that users of financial information—in the public and private sectors—have the assurance that the financial statements they rely on to make important economic decisions or to hold public entities to account are credible and have been prepared without undue influence.





# Spotlight on ISSAIs

by Mette Matthiasen, Professional  
Standards Committee Secretariat

With the adoption of 37 new ISSAIs and INTOSAI GOVs (Guidance for Good Governance) at the recent INCOSAI in South Africa, the ISSAI framework at [www.issai.org](http://www.issai.org) now offers access to more than 70 tailor-made public sector auditing standards and guidelines. Since 2005, the primary task of the PSC has been to develop ISSAIs and INTOSAI GOVs. This work has been performed by the dedicated and committed members of PSC subcommittees in close cooperation with the Capacity Building and Knowledge Sharing Committees. With a complete set of ISSAIs at hand, the PSC is now shifting its main focus from developing ISSAIs to raising awareness of them. In performing this new task, the PSC will again rely heavily on input from the Capacity Building and Knowledge Sharing Committees but also draw on the INTOSAI Development Initiative's vast experience.

## Why Focus on Raising Awareness Now?

Although raising awareness can be considered a broad and somewhat vague term, it is generally understood as a process that facilitates information exchange and leads to a change in behavior if it is successful. In the context of the ISSAIs and INTOSAI GOVs, the PSC's goal is to ensure that awareness-raising activities meet and are driven by the needs and interests of SAIs. The PSC will take advantage of existing opportunities—for example, regional congresses and seminars—to inform INTOSAI members of the benefits of the ISSAIs. This approach is clearly reflected in the ISSAI awareness raising strategy that the PSC Steering Committee adopted at its May 2010 meeting in Copenhagen. The strategy's overall objective is to increase visibility of the ISSAI framework and facilitate implementation of the ISSAIs and INTOSAI GOVs. To accomplish this objective, efforts will be focused on four action items:

- cooperation with relevant parties to raise awareness of the ISSAIs and INTOSAI GOVs,
- coordination and consistency of approach in communicating awareness-raising information throughout INTOSAI,
- effective knowledge sharing among SAIs regarding experiences gained in implementing the ISSAIs and INTOSAI GOVs, and
- coordination of awareness-raising activities.

## Project Team for PSC Awareness-raising

The PSC has set up an ISSAI awareness-raising project team to convert the awareness-raising strategy into concrete action plans. To secure broad commitment to and input into the awareness-raising work, project team members were recruited from the major

*editor's note*

Under this heading, the Professional Standards Committee (PSC) will report in each issue of the *Journal* on efforts to promote the International Standards of Supreme Audit Institutions (ISSAI) as the recognized common frame of reference for public sector auditing.

INTOSAI regions, the Capacity Building Committee, and IDI. The SAI of Denmark, as Chair of the PSC, is heading the project team.

At the team's first meeting in Copenhagen in January 2011, team members discussed awareness-raising needs and identified target groups, awareness-raising opportunities, means of communication, obstacles to implementing the ISSAIs, and evaluation methods. The team's conclusions and recommendations will be presented to the PSC Steering Committee for approval at its meeting in Wellington, New Zealand, in June 2011.

### **Maintaining Momentum**

Since the South Africa Declaration on the International Standards of Supreme Audit Institutions and the 37 new ISSAIs and INTOSAI GOVs were adopted in Johannesburg last year, the PSC has received an increasing number of requests regarding the ISSAIs. In 2011, the Chairman and members of the PSC have already delivered several international presentations on the ISSAI framework—at the SIGMA/European Court of Auditors Conference in Turkey, the CIPFA International Conference in the United Kingdom, and the EUROSAI/ARABOSAI Conference in India, just to mention a few. Many more presentations are scheduled in the coming months.

In accordance with one of the action items in the PSC's awareness raising strategy for the ISSAIs (promoting effective knowledge sharing), we would like to encourage you to contact the PSC at [psc@rigsrevisionen.dk](mailto:psc@rigsrevisionen.dk) to share your experiences applying or implementing the ISSAIs within the INTOSAI community. Also, please contact the PSC if you know of an event where a presentation of the ISSAI framework would be appropriate and welcome.



# INTOSAI- Donor Cooperation Update

by INTOSAI-Donor Cooperation Secretariat

The inaugural INTOSAI-Donor Steering Committee meeting, hosted by the SAI of Morocco in February 2010, decided on a governance structure for the INTOSAI-Donor Cooperation, consisting of the Steering Committee as the highest authority, assisted by a Secretariat. The INTOSAI Development Initiative (IDI) was appointed to host the Secretariat, which was established as an integral part of IDI in April 2010. The Secretariat's key task in 2010, as outlined in the Joint Steering Committee Work Program, was to take stock of country-owned strategic and development actions plans, inventory capacity-building projects, and identify capacity-building funding gaps in the global SAI community.

An extensive questionnaire in Arabic, English, French, Russian, and Spanish was sent to all of INTOSAI's member SAIs and to the INTOSAI Regional Working Groups, as well as their Secretariats. The stocktaking was carried out in cooperation with the Regional Secretariats, who provided valuable assistance in distributing the questionnaire to their members and submitting the responses to the Secretariat. These efforts secured an overall response rate of more than 90 percent. This extraordinary response rate ensured credibility and made it possible to conduct a representative statistical analysis of the data.

## Key Findings of the Stocktaking Report

The following are the key findings identified in the stocktaking report.

### Need to continue efforts to develop strategic and development action plans.

In view of the importance of needs-based and demand-driven support, one goal of the stocktaking was to develop an inventory of SAI-owned strategic and development action plans. Efforts have been made within the INTOSAI Community in recent years to encourage the development of SAI capacity-building needs assessments and corresponding strategic and development action plans based on those assessments. According to the stocktaking, although 71 percent of SAIs have strategic plans in place, a number of SAIs still require assistance in developing and implementing them. Furthermore, the SAIs responding to the questionnaire highlighted the development of such plans and support based on them as critical success factors for effective capacity

*editor's note*

In a landmark memorandum of understanding (MOU) signed in 2009, INTOSAI and 15 members of the international donor community joined forces to increase and strengthen financial and technical support to SAIs in developing countries. A Steering Committee and Secretariat were established in 2010 to carry this initiative forward, and an ambitious work program was begun. Starting in this issue of the Journal, this regular feature will inform the INTOSAI community of important developments in the INTOSAI-Donor Cooperation effort. This first column highlights key findings of the stocktaking that the Secretariat undertook in 2010, the first survey of its kind in the global SAI community.

building. Therefore, the stocktaking report recommended that a priority be placed on assisting SAIs in need of developing strategic and development action plans.

#### **A substantial amount of ongoing capacity-building efforts.**

According to the stocktaking report, the majority of SAIs are, or have been, beneficiaries of capacity-building support. The current number of recipients also appears to have increased when compared to the number of recipients in the past. The proportion of SAIs receiving support is highest for those countries that the World Bank classifies as low income countries. Twice as many SAIs from these countries are receiving ongoing support compared with those who received it in the past.

#### **Demand for increased capacity-building support.**

Establishing an overview of the needs and funding gaps facing the SAI community was a key goal of the stocktaking. A total of 129 SAIs indicated a high or medium need for capacity-building support in the eight domains used in the questionnaire. The report identified more than 1000 activities in need of funding; the total estimated funding gap (excluding outliers) is approximately US\$269 million. The aggregate funding gap for SAIs from low income and lower middle income countries is approximately US\$228 million. The stocktaking thus identified a need to increase the level of support provided to the SAI community. The report recommends that the primary focus be on supporting SAIs in low and lower middle income countries but that due attention should also be given to strengthening SAIs in other partner countries that require assistance.

#### **Value of peer-to-peer cooperation.**

According to the stocktaking, SAI recipients of capacity-building support see more added value in working with other SAIs, INTOSAI regions, and IDI in their institutional strengthening efforts than in working with external consultants and other capacity-building providers. The report thus concludes that donors should investigate ways to increasingly use the SAI community to provide support among its peers and consider increasing support to the INTOSAI Regional Working Groups and regional programs as a mechanism for delivering increased levels of support.

#### **Potential for increasing the number of SAI providers.**

While there is considerable perceived value in and demand for SAI-to-SAI capacity-building cooperation, a relatively small number of SAIs currently provide such support to their peers. The key barriers to such support appear to be capacity constraints (in particular, financial constraints) often in combination with technical/skill constraints. However, it is encouraging to note that 44 SAIs reported plans to address these barriers and become providers in the future.

## Key Success Factors for Capacity-building Support

The stocktaking also identified eight key success factors for ensuring effective and sustainable SAI capacity building:

- Many SAIs highlighted the importance of *needs-based support*, often coupled with the *need for clearly defined objectives*. This entails support that is rooted in the strategic and development action plans of the recipient SAI.
- *Leadership and management commitment* was frequently cited as a success factor. Experience shows that management must have ownership of and commitment to the reforms if they are to have the desired impact.
- Respondents stressed that donors should provide *predictable and long-term support* and also take a *holistic approach* that targets individuals, the SAI's organization, and the SAI's external environment.
- SAIs highlighted *peer-to-peer cooperation* as an effective tool for capacity building and underlined the importance of *high-quality facilitators* with cultural sensitivity and sound knowledge of the challenges facing SAIs.
- Respondents also pointed to the need for improved *donor coordination of support*. Because of the transaction costs resulting from interacting with and soliciting support from an array of development partners, it is preferable to have fewer donors and larger capacity-building projects.

## Approval and Next Steps

The stocktaking report was presented to and approved at the second INTOSAI-Donor Steering Committee meeting in Johannesburg, South Africa, in November 2010, on the eve of the XX INCOSAI. Participants highlighted its value as a key input into the direction of the INTOSAI-Donor Cooperation and as a baseline for measuring progress in supporting the SAI community. The stocktaking served as a basis for (1) identifying short-term capacity-building initiatives for financing and (2) developing criteria for medium- to long-term support in the 2011 INTOSAI-Donor Steering Committee action plan. Since the XX INCOSAI, a number of SAIs, donors, and academic researchers have requested additional information and analysis from the Secretariat. The stocktaking report is available on the IDI Web site at [www.idi.no](http://www.idi.no).

For additional information, please contact the INTOSAI-Donor Cooperation Secretariat at [idi@idi.no](mailto:idi@idi.no).



## Professional Standards Committee

### Memorandum of Understanding Signed with Institute of Internal Auditors

At the XX INCOSAI, the Professional Standards Committee (PSC) entered into a memorandum of understanding (MOU) with the Institute of Internal Auditors (IIA). The agreement documents the alignment of the organizations' strategic objectives, acknowledges each other's global standards, and outlines the process for ongoing collaboration and cooperation.

This agreement supersedes a previous MOU signed in 2007 in Amsterdam, which created a structure for cooperation and collaboration between the two global standard-setting bodies. That earlier MOU also facilitated the development of INTOSAI Guidance for Good Governance (INTOSAI GOV) 9140: *Internal Audit Independence in the Public Sector* and INTOSAI GOV 9150: *Cooperation and Coordination between SAIs and Internal Auditors in the Public Sector*. These two documents are available at [www.issai.org/composite-194.htm](http://www.issai.org/composite-194.htm).

The new MOU expands collaboration between the two organizations, leveraging the work, experience, credibility, and effect of each. The MOU acknowledges that INTOSAI's International Standards for Supreme Audit Institutions (ISSAI) and the IIA's International Standards for the Professional Practice of Internal Auditing are recognized globally.

The two bodies will not only work toward a common language in regard to global standards but also offer insights and share information, research, tools, and other materials and resources. In addition, IIA and INTOSAI representatives agreed to observe each other's standard-setting boards and activities.

For additional information, contact the PSC:

E-mail: [psc@rigsrevisionen.dk](mailto:psc@rigsrevisionen.dk)

Web site: <http://psc.rigsrevisionen.dk>

## Subcommittee on Accounting and Reporting

### New Document on Independent Standard Setting

As part of its work plan for 2008–2010, the Subcommittee on Accounting and Reporting, chaired by Canada, drafted a paper entitled *The Importance of an Independent Standard Setting Process*. The paper was circulated to the INTOSAI community for comment in the autumn of 2010. In November 2010, the Professional Standards Committee presented the paper to the INTOSAI Governing Board, which approved it in Johannesburg. The paper was subsequently endorsed by the XX INCOSAI and is available under the Subcommittees tab of the Professional Standards Committee Web site at [psc.rigsrevisionen.dk](http://psc.rigsrevisionen.dk) (Accounting and Reporting

Subcommittee/Research/Discussion Papers and Others). See the full text of the paper in this issue of the *Journal* on p. 19.

### **News from the International Public Sector Accounting Standards Board**

In December 2010, the International Public Sector Accounting Standards Board (IPSASB) released for comment an exposure draft and two consultation papers related to its project to develop a conceptual framework for the general purpose financial reporting of public sector entities. To access these documents or to comment on them, please visit the International Federation of Accountants (IFAC) Web site at [www.ifac.org/](http://www.ifac.org/) and click on the Exposure Drafts and Consultation Papers tab.

For information regarding the work of this subcommittee, contact Stuart Barr, Assistant Auditor General, at the Office of the Auditor General of Canada:

E-mail: [stuart.barr@oag-bvg.gc.ca](mailto:stuart.barr@oag-bvg.gc.ca)

Web site: [www.oag-bvg.gc.ca](http://www.oag-bvg.gc.ca)

PSC Web site (under “Subcommittees” tab): [psc.rigsrevisionen.dk](http://psc.rigsrevisionen.dk)

### **Working Group on Environmental Auditing**

The 10th meeting of the Steering Committee of the Working Group on Environmental Auditing (WGEA) was held in Marrakech, Morocco, March 8-11, 2011. The participating countries were Brazil, Canada, China, Egypt, Estonia, Finland, India, Indonesia, Lesotho, Morocco, New Zealand, Norway, Tanzania, the United Kingdom, and the United States.

The meeting’s busy agenda focused on adopting project plans for 2011–2013 and discussing environmental audit activities in the regional WGEAs in ARABOSAI, ASOSAI, EUROSAI, PASAI, and OLACEFS. As a result of the meeting, the Steering Committee adopted eight project plans covering a wide range of areas:

- land use and management,
- environmental data,
- sustainability reporting,
- environmental issues regarding infrastructure,
- impact of tourism on wildlife conservation,
- fraud and corruption,
- water, and
- Rio+20.

The Steering Committee also reviewed progress in four training projects and preparations for the next WGEA meeting in November 2011. All meeting materials are available on the official WGEA Web site: [www.environmental-auditing.org](http://www.environmental-auditing.org).

The Secretariat expresses gratitude to the Court of Accounts of the Kingdom of Morocco for hosting the Steering Committee meeting.

For additional information, contact the WGEA secretariat: [Info@wgea.org](mailto:Info@wgea.org).

## 13th PASAI Congress Held in Kiribati

Auditors-General from around the Pacific region convened the 13th congress of the Pacific Association of Supreme Audit Institutions (PASAI) in Tarawa, Kiribati, July 7–9, 2010. Attendees included the heads of SAIs or their representatives from Australia, New South Wales (Australia), the Cook Islands, Fiji, the Federated States of Micronesia, Kiribati, Nauru, New Zealand, Palau, Papua New Guinea, the Solomon Islands, Tonga, Tuvalu, and Vanuatu.

### Opening Ceremony

The Vice President of Kiribati, the Honorable Teima Onorio, welcomed the PASAI members and discussed the critical role that audit offices play in promoting good governance. She noted that auditors perform an essential service to strengthen accountability and transparency in government. “Given the competing demands on the limited resources available to their governments, public auditors often had to make do with an underresourced office. That is now changing, thanks to the collective and individual efforts of the auditing profession,” said Ms. Onorio.

She acknowledged the good work that PASAI has spearheaded under the Pacific Regional Audit Initiative (PRAI), particularly the pooling of resources to address common objectives, such as the Sub-regional Audit Support (SAS) program. Ms. Onorio also acknowledged the continuing support of PASAI’s development partners.



The Vice President of Kiribati, the Honorable Teima Onorio, gave the keynote address at the 13th PASAI congress.



Saturnino Tewid, the acting Public Auditor of Palau and outgoing Chairperson of PASAI, thanked the Governing Board and members for their support in the progress that PASAI had made during the past 12 months. “PASAI has made encouraging achievements and the task ahead looks promising for SAIs in the region,” stated Mr. Tewid.

Raimon Taake, the Auditor-General of Kiribati, accepted the chairmanship of the association and thanked the congress, saying that he looked forward to the members’ cooperation and support during the next 12 months.

### **Program Discussions**

PASAI Secretary-General Lyn Provost reported to the congress on the key decisions made at the Governing Board meeting, held in Nadi, Fiji, on July 5, 2010.

She stated that “the establishment of the PASAI Secretariat in Auckland and the registration of the association as an incorporated society under New Zealand laws are important milestones for PASAI.” The Secretariat opened for business at 46 Parnell Road, Auckland, on January 18, 2010. It will soon be fully resourced and able to conduct its activities effectively for the benefit of association members. It is important to focus on funding for PASAI activities; most importantly, a medium- to long-term strategy needs to be developed to ensure the sustainability of PASAI. The PASAI Web site is being revamped and will contain reports, publications, and the latest updates on the progress of PASAI activities.

The Secretary General noted that the PASAI accountability report for 2009 had been completed, and the congress endorsed its publication. In addition, it was agreed that the Secretary-General and Executive Director would prepare a communication strategy to maximize the impact of accountability and transparency reports during the life of the PRAI. The Executive Director will plan the 2010 survey/work, consult with partners, and consider opportunities for linking this work with other governance initiatives in the Pacific. The report will focus on mandates, independence, and parliamentary scrutiny (which were matters of concern the 2009 report identified) and maximize opportunities to identify good practice on these matters. The 2010 accountability work plan was to be circulated to the Governing Board for comment and approval by September 30, 2010.

The capacity-building program started with a kickoff conference in Auckland, June 21–29, 2010. “If the enthusiasm of the participants [members of the working groups] is anything to go by, PASAI should expect successful development of the manuals, guidelines, and training materials,” said Linda Weeks, Capacity Building Program Advisor. The appointment and confirmation of some members of the Governing Board as “champions” of the manuals and training materials will lend support to the working groups’ products. Mrs. Weeks also emphasized the need for more PASAI members to be professionally certified, and the program has grouped SAIs into certification clusters to facilitate the process. Peter Achterstraat, the Auditor General of New South Wales, Australia, will head a committee to explore certification opportunities for auditors in the Pacific region.

The Sub-regional Audit Support (SAS) program had a successful first year. The on-the-job training of secondees in Kiribati, Tuvalu, and Nauru provided much-needed financial audit support to the small island states and, in the process, updated a few outstanding audits. The program established a benchmark to measure future improvements against, especially ways to overcome challenges specific to the islands. To continue to raise capacity in the audit offices, the program's second round will involve audits of the same entities. The Asian Development Bank audit expert, Beulah Daunakamakama, shared her experiences in the program as well as those of the secondees. The program was rewarding and challenging for all involved.

The first cooperative performance audit ended successfully. All 10 of the Auditors-General involved signed off on the reports on the management of solid waste in their jurisdictions. Some of the reports have been made public and attracted wide media attention. "The success of the first cooperative performance audit was due to the manner in which the audit was planned and executed, and peer-reviewed," said Claire Kelly, the Audit Advisor. A regional report on the audit has been drafted and will be made public after all 10 audit reports have been tabled in their respective legislatures and made public. The congress endorsed the report and looked forward to the second cooperative performance audit on access to fresh drinking water. A planning meeting for this audit was to be held in Nadi, Fiji, in 2011.



Participants at the 13th PASAI congress in Kiribati.

### **Other Presentations and Decisions**

During the congress, speakers reported on other programs and activities in the region. The Asian Development Bank (ADB) discussed accountability and financial reporting in the Pacific region. ADB technical assistance is expected to provide support to the three small island states in preparing the accounts of selected entities that will be

subject to SAS audits. There were also presentations by the Pacific Commonwealth Network on Internal Audit, the INTOSAI Development Initiative (IDI), and members who represent PASAI on INTOSAI committees and working groups.

The PASAI Congress appointed New Zealand as the Secretary-General and member of the INTOSAI Governing Board, and New South Wales, Tonga, Papua New Guinea and the Cook Islands as the certification committee.

The next PASAI Congress will be held August 1–5, 2011, in Tonga.

In closing the congress, Secretary-General Lyn Provost said that PASAI should be proud of its achievements. She emphasized that the work program for 2010–2011 should align with the performance management framework and that a medium- to long-term funding strategy should be put in place. “It is essential in PASAI’s progress that the results of PASAI’s work, especially the PRAI activities, have lasting impact in the region,” added Ms. Provost.

For additional information, contact Lyn Provost, Controller and Auditor-General of New Zealand and Secretary-General of PASAI, e-mail: [Lyn.Provost@oag.govt.nz](mailto:Lyn.Provost@oag.govt.nz).

## IDI UPDATE



IDI Update keeps you informed of developments in the work and programs of the INTOSAI Development Initiative. To find out more about IDI and to keep up to date between editions of the *Journal*, look at the IDI website: [www.idi.no](http://www.idi.no).

### Management Development Program

IDI is cooperating with AFROSAI-E in launching a regional Management Development Program (MDP). The short-term strategy for the program is to pilot regional management workshops to raise awareness, increase management capacity, and document regional management development. The MDP workshops also aim to (1) provide an opportunity for managers from different SAI levels to share knowledge and experiences and (2) create a pool of regional resource persons or “champions” to take management initiatives forward in the region. As a long-term regional strategy, local management development interventions will be combined with annual regional events, and the region will facilitate management development initiatives at the SAI level.

During 2010, the program focused on senior managers in audit and corporate service clusters from regional SAIs. Needs assessment surveys were completed to ascertain the needs of senior and operational managers. The survey results provided basic input into the design of the MDP workshops. In May 2010, the design team—including core team members and regional resource persons—met to design and develop material to be used in the MDP workshops. In August 2010, two workshops were held for 20 SAI senior managers from audit and corporate clusters. After being exposed to MDP concepts and management tools available in the region, the participating managers developed individual action plans.

In 2011, the MDP will focus on addressing the management training needs of the operational managers from regional SAIs. In February 2011, the core team and regional resource persons met to develop material for workshops for the operational managers, which are to be held in May and June 2011.

### Transregional Program for Audits of Public Debt Management

In 2008, a cooperation program with the INTOSAI Working Group of Public Debt (WGPD) was launched to enhance professional staff development and organizational capacity in conducting public debt management audits. Since that time, 8-week e-learning courses in English and French have been delivered, an online audit plan has been developed, and pilot audits on various public debt topics have been carried out. SAI audit teams that successfully completed pilot audit work by February 2011 attended one of three audit review meetings in Morocco, Zambia, and the Philippines in March and April 2011.

A total of 29 SAI audit teams from the AFROSAI-E, ARABOSAI, ASOSAI, CREFIAF, EUROSAI, and PASAI regions attended the review meetings. The meetings provided an opportunity for detailed peer and expert feedback on draft audit reports, discussions of the draft public debt audit guideline, and the development of individual SAI action plans to implement program outputs in the respective SAIs for their internal capacity-building programs. Also participating in the meeting were experts from the WGPD, the Debt Management and Financial Analysis System (DMFAS) Programme of the United Nations Conference on Trade and Development (UNCTAD), and the Commonwealth Secretariat (COMSEC).

In connection with the review meetings, IDI also ran two public debt system training courses for 15 participating SAIs from AFROSAI-E and CREFIAF. This type of training builds practical skills and knowledge of the systems among participants and

gives them a deeper understanding of the public debt management systems of their countries. Wrap-up and exit meetings for this program will be conducted toward the end of 2011 to finalize program outputs and discuss lessons learned and the way forward.



Participants in the audit review meeting held in Lusaka, Zambia, in March 2011 as part of the Transregional Program for Public Debt Management Audit.

An IDI/ASOSAI instructor planning meeting for the program took place in Bhutan in September 2010. On the basis of the program design that the stakeholders had agreed upon, the meeting focused on developing 2-week courseware and a draft handbook on quality assurance in performance auditing. The handbook will be used later during the program to create a pool of trained staff in quality assurance in performance audit in each target SAI.

### **Train the Trainer Program**

IDI cooperated with OLACEFS to train a third group of IDI-certified training specialists. In 2010, IDI, with the assistance of virtual tutors and e-learning experts from OLACEFS and an e-learning provider, developed and deployed a 21-week Course Design and Development Workshop (CDDW). This was the first time the CDDW had been tested in a full-scale e-learning mode. A total of 41 participants from 16 SAIs successfully completed the virtual phase of the program from July to December 2010. These participants were invited to a 3-week Instructional Techniques Workshop in March 2011 where they were exposed to a variety of instructional and facilitation techniques. Participants who demonstrated adequate skills in both course design and instructional techniques are to receive an IDI diploma and graduate as IDI-certified training specialists in April 2011.

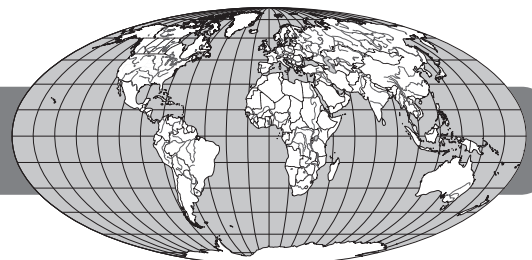
For additional information on the issues discussed in this edition of IDI Update, please contact IDI:

E-mail: [idi@idi.no](mailto:idi@idi.no)

Web site: [www.idi.no](http://www.idi.no)



# INTOSAI 2011 Events



<p><b>April</b></p> <p>10–13 Conference of Commonwealth Auditors-General, Windhoek, Namibia</p> <p>13–14 Meeting of the Working Group on Key National Indicators, Helsinki, Finland</p> <p>15–17 Meeting of the Working Group on IT Audit, Sun City, South Africa</p>	<p><b>May</b></p> <p>16–17 Meeting of the Working Group on Program Evaluation, Paris, France</p> <p>30–June 3 VIII EUROSAI Congress, Lisbon, Portugal</p>	<p><b>June</b></p> <p>9–10 Working Group on Public Debt meeting, Vilnius, Lithuania</p> <p>22–24 Meeting of the Steering Committee of the Professional Standards Committee, Wellington, New Zealand</p>
<p><b>July</b></p> <p>13–15 UN/INTOSAI Symposium, Vienna, Austria</p> <p>18 Meeting of the Finance and Administration Committee, Washington, D.C., USA</p> <p>18–23 XII AFROSAI Congress, Libreville, Gabon</p> <p>19–20 Meeting of the INTOSAI-Donor Cooperation Steering Committee, Washington, D.C., USA</p>	<p><b>August</b></p> <p>1–5 XIV PASAI Congress, Tonga</p>	<p><b>September</b></p> <p>12–14 Meeting of the Working Group on the Fight against Corruption and Money Laundering, Prague, Czech Republic</p> <p>27–29 Meeting of the Compliance Audit Subcommittee, Batumi, Georgia</p>
<p><b>October</b></p> <p>TBD Meeting of the Steering Committee of the Committee on Knowledge Sharing and Knowledge Services, Moscow, Russian Federation</p> <p>18–23 XXI General Assembly of OLACEFS, Caracas, Venezuela</p> <p>27–28 Meeting of the INTOSAI Governing Board, Vienna, Austria</p>	<p><b>November</b></p> <p>7–11 Meeting of the Working Group on Environmental Auditing, Buenos Aires, Argentina</p>	<p><b>December</b></p>

*Editor's Note:* This calendar is published in support of INTOSAI's communications strategy and as a way of helping INTOSAI members plan and coordinate schedules. Included in this regular *Journal* feature will be INTOSAI-wide events and regionwide events such as congresses, general assemblies, and board meetings. Because of limited space, the many training courses and other professional meetings offered by the regions cannot be included. For additional information, contact the Secretary General of each regional working group.

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