

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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## contents

<b>Editorial</b> .....	<b>1</b>
<b>Thoughts from the Chairman of the Board</b> .....	<b>4</b>
<b>News in Brief</b> .....	<b>6</b>
<b>Common Principles for Audits of Public Contracts: An Opportunity for INTOSAI Cooperation</b> .....	<b>13</b>
<b>Measuring the Financial Impact of Audit Reports</b> .....	<b>16</b>
<b>PASAI 2011 Study of Accountability and Transparency of Auditing Institutions in the Pacific Region</b> .....	<b>20</b>
<b>Spotlight on ISSAIs</b> .....	<b>24</b>
<b>INTOSAI-Donor Cooperation Update</b> .....	<b>28</b>
<b>Inside INTOSAI</b> .....	<b>32</b>
<b>IDI Update</b> .....	<b>43</b>
<b>INTOSAI Calendar</b> .....	<b>47</b>



## Reflections on INTOSAI's Development and Future Challenges

by Vinod Rai, former Comptroller and Auditor General of India

I recently completed my term as Comptroller and Auditor General of India. Looking back over that term and the longer history of INTOSAI, it is obvious to me that INTOSAI has made momentous strides since its inception, especially during the past 5 years. Building on the foundation laid in Lima and its reiteration and consolidation in Mexico, INTOSAI has emerged as a champion of SAI independence. Today, it is recognized as the leading standard-setting body in the field of public audit. Examples of INTOSAI's growing stature and confidence include

- formulating SAI auditing standards and guidance on best practices for good governance;
- building a partnership with multilateral international donors and national development agencies to promote SAI capacity building in institutions in need of such efforts; and
- having the United Nations adopt a General Assembly resolution acknowledging the main principles of the Lima and Mexico declarations and recognizing the role of SAIs in promoting the efficiency, transparency, and accountability of public administration.

These developments also underscore the fact that INTOSAI is a catalyst in a paradigm shift in the way public audit is perceived today and its relevance to modern societies is demonstrated. In a few months, INTOSAI will be adopting a standard that asserts the values and benefits of SAIs.

SAIs are moving beyond the conventional roles that required auditors to express an opinion about whether financial statements were free from material misstatements.

Editorial

While this will continue to be a key role for all auditors, the increasing complexity in governance today and the demand for greater accountability place an onerous responsibility on auditors. Our minds are occupied as never before with questions about whether we have obligations beyond those achieved by traditional audits, whether governance is actually improving the lives of our citizens, and whether public policy and programs are responsive to the needs of those for whom such programs are intended. INTOSAI is now engaged in bridging the gap between the rhetoric of good governance and the actual practice thereof.

With increasing globalization and interdependence between national economies, tremors are felt in one corner of the world when financial or economic imbalances occur in another. The new economic paradigms instituted in the wake of successive economic crises have mandated reforms in the financial sector and government channels for delivering social sector schemes and economic policies. Models of governance are undergoing a change. Newer architectures are being structured to ensure efficient operations. Governments struggle under the strain of finding resources to meet citizens' aspirations. This has prompted them to look beyond their own ability to do things. They are seeking to address the dichotomy of meager financial resources vying for competing interests and the huge investments required to augment public facilities and infrastructure by finding ways to secure private sector investment in activities which were earlier undertaken only by public finance.

All of this poses huge challenges to SAIs' capability, effectiveness, and credibility and to the skill base needed to support their respective governments in meeting these situations. Failure to do so will severely erode the relevance of SAIs. Increasingly, questions are being asked about the role of SAIs in predicting or preventing economic and financial crisis—like the recent meltdown or the European debt crisis—by red-flagging areas requiring government intervention. Aren't SAIs responsible for highlighting a country's untenable fiscal position if the audit of public debt is a legitimate expectation of their stakeholders? Are these situations the results of accountability failures? These are uncomfortable questions for our institutions, and we have to take steps to ensure that we have the wherewithal to understand and deal with the underlying issues giving rise to these situations.

It is a matter of pride for INTOSAI that as a community we have responded to such challenges with both alacrity and foresight. Today, INTOSAI has developed mechanisms that are activated almost on reflex to deal with issues that engage our attention or demand our response. We have committees, subcommittees, working groups, and task forces preparing audit guidance in diverse areas that, when considered together, constitute virtually the entire gamut of our audit universe.

Perhaps the most encouraging development in recent times has been the formulation and adoption of ISSAIs, which we can now proudly call our standards. These standards take the best of what is available in private sector auditing and adapt it to public sector requirements. Framing and adopting standards is one thing, and I daresay the easy thing, but implementing the standards is quite another. It requires a commensurate ability on the part of the organization to be able to apply them. While the work of

most of the developed SAIs is already circumscribed by a recognized set of standards, the ISSAIs now provide an opportunity for the less developed SAIs to have their work benchmarked against international best practices. Before they are able to do so, we have to help them build the required human resource base. The work of INTOSAI and regional working groups like ASOSAI is now focusing on disseminating the standards, creating awareness, and developing the knowledge and skills required to tailor our work around the standards. Given the magnitude of this exercise, it hardly needs mentioning that substantial funding is required to ensure the program's success and that donor support is critical. In this context, the evolution of a partnership between INTOSAI and the international donor community, both multilateral and bilateral, assumes great significance. This partnership brings INTOSAI and the donor community together to provide a common approach. This approach increases strategic focus on and coordination in strengthening SAI capacity through mechanisms for facilitating donor funding and support in line with donor mandates, priorities, and requirements.

Now all of us, especially my colleagues who head SAIs, must come together to promote a culture of professionalism in SAIs and support them in the adoption of recognized best practices.

In my 41 years of public service, I have not come across any international fraternity of public servants that is as active, cohesive, professional, inclusive, and mindful of its larger responsibility to its citizenry as that of INTOSAI. We come together in a spirit of cooperation, not competition. We rejoice in the successes of our colleagues and agonize when attempts are made to muzzle the voice and independence of a sister institution. This is our ideology, culture, strength and *raison d'être*, and we must ensure that we never let it go.

In conclusion, I would like to express my thanks to all my colleagues in INTOSAI and ASOSAI. It has been a pleasure to serve with you in the international auditing community, and I wish you all the best in your future endeavors.





## Facilitating Action on Independent SAI Reports: Tying Up Loose Ends with Those Charged with Governance

by Terence Nombembe, Chairman of the INTOSAI Governing Board and Auditor-General of South Africa

In my previous articles, I have focused on our conduct as SAIs and the excellence that we are capable of delivering. Now it is time to redirect our attention and focus on those we expect to take action on the work we deliver. We need to work very closely with these partners in order to optimize the quality of the information that we audit. Auditing can be a truly enjoyable experience only if it is conducted in an environment characterized by harmony and orderliness. The prerequisite for such an environment is effective cooperation with those charged with governance.

In this regard, ISSAI 1260: *Communication with Those Charged with Governance* is quite explicit and exhaustive about the conditions and interventions that we should take advantage of in order to create a successful relationship with those charged with governance. In this article, however, I intend to focus on a few practical steps that can be used as the basis of **our consistent and persistent conversation with government leadership**. These steps will always enhance the quality of our advice to them and maximize mutual understanding, thus narrowing the expectation gap.

In a number of instances, I have found that government leadership, be it political or administrative, needs constant quality time to discuss in depth **the layout and contents of government reports**. This serves as a practical refresher to leadership about the governmental reporting framework, including the legal backing of all critical reports that governments use as management tools. Given that as management tools our reports ultimately link with citizens' expectations related to service delivery programs, financial management, and compliance with the rule of law, SAIs should spend sufficient time focusing on this area of our relationship with government leadership.

It is equally important for government reports to have unquestionable levels of credibility and reliability. This can only happen when **systems of internal control are continually evaluated and strengthened**. As necessary, certain critical and routine procedures can be supported with formal standard operating procedures, thus facilitating a simpler and clearer way to institutionalize internal control disciplines.

For the culture of internal controls to be understood and embraced by leadership, we need to spend significantly more time on this area when engaging with those charged with governance.

Discussions about internal controls provide an opportunity to reflect on the **effectiveness of the monitoring and accountability architecture** of government entities, another area that tends to have many shortcomings at the leadership level. Regular analysis and reflection with those charged with governance, therefore, helps to promote the necessary awareness and trigger leadership's sense of urgency about its role in strengthening monitoring and accountability.

**Performance management** is the last of the four strategic areas of useful conversation with leadership. If structured adequately, the performance management process can help to significantly improve the performance culture of government. As a spin-off, practices such as coaching, rewarding, and managing consequences become easier to institutionalize and sustain.

Discussions with government leadership that focus on these strategic aspects can yield a positive outcome only if complemented by emphasis on the overarching area of **professionalizing the public service**. A professional public service is undoubtedly a prerequisite for sustaining an effective reporting framework, strong internal controls, easier monitoring and accountability, and finally a performance culture that directs employees in government towards its primary objective of improving the quality of life of citizens.

It will take a long time to accomplish this journey, and it will require persistence, persuasion, and humility on our part as SAIs. However, there will ultimately be positive results, and those charged with governance will have a better appreciation of the underlying root causes of the findings set out in our independent audit reports. With better appreciation of the basis of our concerns, more structured and enthusiastic action in response to our reports is likely to be embraced and sustained.

# NEWS

IN

*brief*



## *Chile*

### **SAI Transfers Technology to Strengthen SAI of Uruguay's Audit Support Systems**

The SAI of Chile made available to the SAI of Uruguay a digital tool to support and manage the full cycle of planning, executing, and following up on audits. Chile's Integrated System of Control Audits was transferred to the SAI of Uruguay following a memorandum of understanding signed in December 2012.

In addition to the technology transfer, the SAI of Chile provided training through internships and the visit of Chilean professionals to Uruguay's Río de la Plata SAI.

The transfer of the Integrated System of Control Audits was part of a broader effort of cooperation and exchange of good practices promoted by OLACEFS, which the SAI of Chile serves as the General Secretariat. The SAI of Chile has transferred similar technology to the SAI of Colombia. It has also created catalogues of good practices in the fields of control of corruption and citizen participation with the goal of structuring

a system of knowledge management for the SAIs of Latin America and the Caribbean.

For additional information, contact the SAI of Chile:

E-mail: [contralorgeneral@contraloria.cl](mailto:contralorgeneral@contraloria.cl)

Website: <http://www.contraloria.cl>

## *Czech Republic*

### **New President Appointed**

In March 2013, the President of the Czech Republic appointed Miloslav Kala as the new President of the Supreme Audit Office of the Czech Republic (SAO) upon the recommendation of the Chamber of Deputies of the Parliament of the Czech Republic. Before his appointment, Mr. Kala had served as the Vice-President of the SAO. The President of the Czech Republic appointed Zdeňka Horníková as the Vice-President of the SAO in April 2013. Previously, she had served in the Chamber of Deputies of the Parliament.



Miloslav Kala

### **SAO Celebrates 20th Anniversary**

The SAO also proudly announced the 20th anniversary of its operations as an independent institution in the Czech Republic. Previously, the office had operated jointly with its federal partner from Slovakia. Many political, social, and economic changes in Czech society paved the road to the SAO's establishment as an institution with a modern strategy, a clear vision of the future, and independence clearly anchored in the Constitution. In 1993,



the Czech Republic became a country in which the SAI carried out external audit at a highly professional level and in accordance with international standards. Its achievements are comparable with partner institutions abroad.

For additional information, contact the Supreme Audit Office:

E-mail: [miloslav.kala@nku.cz](mailto:miloslav.kala@nku.cz)  
Website: <http://www.nku.cz>

## Egypt

### Amendments to Legislation and Training on SAI Legal Frameworks

The Central Auditing Organization (CAO) law is being amended to increase CAO competencies and the transparency of information. The draft version has been posted to the CAO website for comments.

The CAO and the World Bank provided a “boot camp” April 28–30, 2013, entitled “Good Practices in Supreme Audit Institution Legal Frameworks.” Experts from various SAIs and international organizations made presentations at the meeting, and 30 participants from the CAO attended to share experiences on subjects including the SAI legal and regulatory framework, accountability to the legislature and citizens, and financial independence and administration.

For additional information, contact the CAO:

E-mail: [ircdept@yahoo.com](mailto:ircdept@yahoo.com)  
Website: <http://www.cao.gov.eg>

## Estonia

### New Auditor General

In April 2013, the Riigikogu (Parliament) appointed Dr. Alar Karis to be the Auditor General of Estonia based on

the nomination of the President of the Republic of Estonia. Dr. Karis began his 5-year term of office in April after the retirement of Mr. Mihkel Oviir.



Alar Karis

In addition to his research work, Dr. Karis has been actively involved in building up the Estonian state and society. As the Rector of both the Estonian University of Life Sciences and the University of Tartu, he carried out several reforms to internationalize higher education and broaden the horizons of both teaching and learning. Dr. Karis is a member of the think tank of the President of the Republic and has been a member of the Estonian Fund for Nature, the council of the European University Association, and the council of the Enterprise and Living Environment Development Division of Enterprise Estonia. Until his appointment as Auditor General, he was the head of the Estonian Rectors Conference.

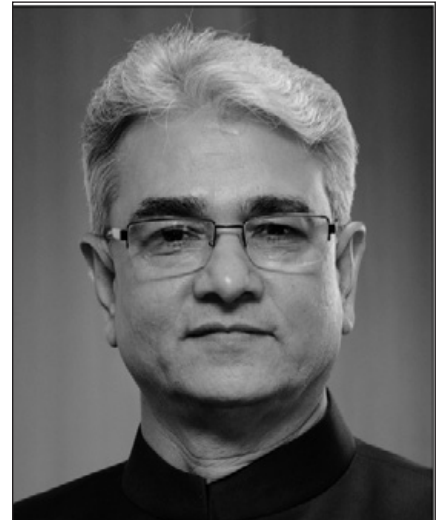
For additional information, please contact National Audit Office of Estonia:

E-mail: [riigikontroll@riigikontroll.ee](mailto:riigikontroll@riigikontroll.ee)  
Website: <http://www.riigikontroll.ee>

## India

### New Comptroller and Auditor General

In May 2013, Shashi Kant Sharma assumed the position of Comptroller and Auditor General (CAG) of India. In this position, Mr. Sharma will also take over as the chairman of the INTOSAI Knowledge Sharing and Knowledge Services Committee, the INTOSAI Working Group on IT Audit, and ASOSAI. He will chair the Panel of External Auditors of the United Nations, its Specialized Agencies, and the International Atomic Energy Agency.



Shashi Kant Sharma

Mr. Sharma has 37 years of experience working in various capacities in both federal and state governments, particularly in the fields of defense, public administration, financial services, information technology, and infrastructure development. Before his appointment as CAG, he was the Defense Secretary in the government of India. He has also served as Secretary in the Department of Financial Services in the Ministry of Finance and the Ministry of Communications and Information Technology. Mr. Sharma has been instrumental in promoting and

implementing best practices in various departments in the federal and state governments.

Mr. Sharma is committed to transparency and accountability in public service. During his tenure in the Ministry of Defense, he was instrumental in developing and publicizing guidelines on defense procurement. He made key contributions to making these procedures more transparent, leading to better value for money and consequently better management of expenditures.

As CAG, Mr. Sharma is responsible for ensuring that diverse government authorities act in accordance with the Constitution and related laws and rules in all financial matters. His primary role is to ensure financial accountability in the governance process and make recommendations to improve systems and procedures. He is responsible for auditing the accounts and related activities of all three tiers of government (federal, state, and local). These include Government of India ministries/ departments, departments of the state government, state-owned public commercial enterprises controlled by the federal and state governments, noncommercial autonomous bodies and authorities financed by the federal and state governments, and local bodies responsible for municipal activities.

Mr. Sharma has masters' degrees in political science from Agra University and in administrative sciences and development problems from the University of York in the United Kingdom.

For additional information, contact the Office of the CAG:

E-mail: [cag@cag.gov.in](mailto:cag@cag.gov.in)

Website: <http://www.cag.gov.in>

## *Moldova*

### **Institutional Development Cooperation Project with the Swedish National Audit Office**

In December 2012, the Court of Accounts of the Republic of Moldova (CoA) and the Swedish National Audit Office (SNAO) signed a memorandum of understanding initiating a new project on institutional development cooperation for 2013–2015.

The project aims to develop the CoA's capabilities to achieve the goals of its mandate and to effectively fulfill its role within the public administration of the Republic of Moldova. The SNAO will provide assistance to the CoA in such areas as regularity audit; general management; effective relations with the Parliament, government, and audited entities; and participation in the activities of INTOSAI, EUROSAI, and other international organizations.

On December 19, 2012, the CoA and SNAO signed a new memorandum for a 2013–2015 cooperation project to promote the CoA's institutional development.

During the first five months of 2013, five expert missions were carried out within the framework of the project. The expert missions included support in finalizing a time management system and tools, organizing workshops on pilot audits carried out with the support of Swedish experts and in compliance with international standards and regulations in the field of external audit, and organizing additional workshops and seminars for trainers and auditors on such topics as planning and performing audits and delimiting differences between "cold" and "hot" reviews.

### **European Union Twinning Project**

The European Union delegation in Moldova has issued a notice of intent for a twinning project to consolidate and strengthen external public audit in the Republic of Moldova to benefit the CoA. Relevant institutions from EU countries are invited to participate and submit proposals for this project implementation, which is to begin at the end of 2013.



Serafim Urechean, President of the Court of Accounts of the Republic of Moldova (left), and Kameran Khudur, Project Manager from the Swedish National Audit Office.

## Collaboration with International Organizations

Between January and May 2013, representatives of the CoA participated in and made presentations at a number of international events. At the March meeting in Bulgaria of the EUROSAI Task Force on the Audit of Funds Allocated to Disasters and Catastrophes, a CoA representative discussed the CoA's role in environmental auditing, the implementation of good practices in this area, and initiating and conducting environmental audits in areas of strategic importance in Moldova.

At the April meeting of the INTOSAI Working Group on Key National Indicators in Poland, a CoA representative discussed the CoA in the context of reforms and strategic development priorities in Moldova. The CoA was accepted as a full member of the working group at the meeting.

In late March, a delegation of CoA representatives and officials from the Moldovan Parliament made a study visit to the Czech Republic to improve the of CoA's collaboration with the Parliament by studying the Czech SAI's experience and best practices in this area.

For additional information, contact the CoA:

E-mail: [cdc@ccrm.gov.md](mailto:cdc@ccrm.gov.md)  
Website: <http://www.ccrm.md>

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## Nepal

### New Auditor General

On the recommendation of the Constitutional Council, the President of Nepal appointed Bhanu Prasad Acharya as the auditor general of Nepal, effective May 8, 2013.

Mr. Acharya was born August 8, 1951, and has master of commerce and bachelor of law degrees from Tribhuvan

University. He started his civil service career in 1975 as an accounts officer in the Office of the Accountant General, and his experience includes positions in various ministries, including Finance, Forestry, and Industry, as well as different government departments. Mr. Acharya has also been honored and decorated by various orders, most recently as Supradipta Birendra Prajatantra Bhaskar III in 2003.

Mr. Acharya believes that "modesty and honesty in one's profession promote public trust which ultimately goes to help national progress."

### Annual Report 2013 Submitted

In accordance with the provision of the Interim Constitution of Nepal, 2063 (2007), then Acting Auditor General Bimala Subedi submitted the SAI's 50th annual report (for 2013) to the president of Nepal on April 11, 2013. This report covers the audit of the fiscal year ended July 15, 2012. The report consists of four chapters, which cover details of the audited entities, status of irregularities, attempts made to settle such irregularities, audit-related achievements made to date, and future reforms needed.

Audit observations and findings were based on audit examination of the financial statements and accounts of governmental entities including other constitutional bodies, such as the Supreme Court; Legislature-Parliament; ministries; the Nepalese Army; the Armed Police Force; the Nepal Police; fully owned government enterprises; district development committees; and certain other bodies, such as boards, trusts, and universities. The report covers audit observations pertaining to the management of public funds, as well as major observations resulting from various performance audits, IT audits, and environmental audits of different projects and programs.

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

E-mail: [oagnep@ntc.net.np](mailto:oagnep@ntc.net.np)  
Website: <http://www.oagnep.gov.np>

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## Netherlands

### IntoSAINT Lessons Learned Meeting Held in The Hague

IntoSAINT (Self-Assessment INTEgrity) is a tool that enables SAIs to assess their vulnerability and resilience to integrity violations. As a result, the SAI knows what measures it can take to improve its integrity. In 2011 and 2012, IntoSAINT moderator trainings took place in The Hague and Kuwait City. These trainings served as a stimulus for disseminating IntoSAINT within the INTOSAI community.

On April 22–23, 2013, the Netherlands Court of Audit (NCA) organized the IntoSAINT Lessons Learned Meeting at the NCA in The Hague. The purpose of the meeting was to collect experiences of SAIs that have used the IntoSAINT methodology. The SAIs of Georgia, Indonesia, Jordan, Kuwait, Macedonia, Norway, Tunisia, Turkey, and Yemen, as well as the European Court of Auditors, sent representatives to the meeting, and the SAIs of Algeria, Iraq, Korea, Rwanda, and Vietnam submitted papers describing their experiences.

Based on management reports of IntoSAINT workshops in 11 countries, some common issues for SAIs were identified:

- Structured integrity risk assessment is not common within SAIs, and risks related to the independence of SAIs are an important concern. Therefore, the avoidance of conflicts of interest—as well as resilience against intimidation, lobbying, and undue political influence—is considered extremely important.



Participants in the IntoSAINT Lessons Learned Meeting in The Hague in April 2013.

- SAI's identified the need for an integrity policy framework. In many cases, existing measures and controls lack a specific framework and are often implemented without a proper foundation and coherence.
- Recommendations concerning "soft controls" stress the importance of fairness, clarity, communication, and leadership.
- The common experience was that IntoSAINT provides SAI's with a practical tool to strengthen their integrity.

The results of this meeting will be used to prepare a report about the IntoSAINT initiative at the XXI INCOSAI in Beijing, where the INTOSAI community will be asked for further support and help to roll out the IntoSAINT initiative. IDI has already included IntoSAINT in the SAI Performance Measurement Framework that is under development.

For additional information, contact the NCA:

E-mail: [Intosaint@rekenkamer.nl](mailto:Intosaint@rekenkamer.nl)  
 Website: <http://www.courtfaudit.nl>

## *New Zealand*

### **Using Social Media to Increase Public Exposure to SAI Work**

The New Zealand SAI began using social media as a communications tool in 2011. Auditor General Lyn Provost wanted to increase access to her work, so the SAI began to research the best platforms to do this. It identified the audiences it most wanted to reach with its reports and guides—mainstream and specialist media, bloggers, and "citizen journalists"—before selecting the most appropriate tools.

The SAI's Twitter account—@auditor\_general—has been in use for almost a year. It is not used to hold conversations or discuss the SAI's work; rather, it is primarily used to drive traffic to the SAI's website—the home of the auditor general's reports. Most of the Twitter account's followers are journalists and bloggers who can review and report on the SAI's reports. The account is easy to maintain, and it fosters relationships with media without putting the SAI's independence at risk.

The focus is on tools that could assist the SAI in the future. The SAI started blogging in March 2013 at <http://www.blog.oag.govt.nz>. The SAI also puts links to status updates on its Facebook page when reports are published. The SAI has LinkedIn pages, including an alumni group. And it uses a YouTube channel and its Facebook page for recruitment campaigns aimed at interns and graduates. One SAI regional office also has a Facebook group for internal communication.

The New Zealand SAI is happy to share its findings with INTOSAI members. For additional information about the SAI's social media policy and its use of tools and platforms, please contact the SAI of New Zealand:

E-mail: [reports@oag.govt.nz](mailto:reports@oag.govt.nz)  
 Website: <http://www.oag.govt.nz>

## *Romania*

### **Visit to the Spanish Court of Audit**

In April 2013, Nicolae Văcăroiu President of the Romanian Court of Accounts, and a Romanian delegation visited the Spanish Court of Audit at the invitation of Ramón Alvarez, President of the Spanish SAI and Secretary General of EUROSAI.

The two presidents discussed institutional cooperation within INTOSAI and EUROSAI as well as bilateral cooperation between the Romanian Court of Accounts and the Spanish Court of Audit. They also discussed the Spanish SAI's institutional framework and relationship with the Parliament, carrying out the audit function in an environment of deep economic crisis and public spending constraints, the Spanish SAI's jurisdictional function and contributions to the fight against fraud and corruption, and both SAI's





Ramón Alvarez (left), head of the Spanish SAI, welcomed Nicolae Văcăroiu (right), head of the Romanian SAI, during his official visit to Spain in April 2013.

experiences in auditing EU funds. The Romanian delegation also met with the President and some members of the Joint Commission of the Spanish Parliament for Relations with the Spanish Court of Audit.

For additional information, please contact the Romanian Court of Accounts :

E-mail: [international.romania@rcc.ro](mailto:international.romania@rcc.ro)

Website: <http://www.curteadeconturi.ro>

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## *Russian Federation*

### **New Proposed Task Force on the Audit of Public Contracts**

At the 2012 Governing Board meeting held in Chengdu, China, the SAI of the Russian Federation, with the support of the U.S. Government Accountability Office, proposed the creation of a new INTOSAI task force on the audit of public contracts. The need for greater focus on contract audit arises from the increasing growth in the public procurement market, the complexity of

issues in this area, and the likelihood that SAIs would profit from coordinated approaches and principles. For a more detailed discussion of this issue, please see “Common Principles for Audits of Public Contracts: An Opportunity for INTOSAI Cooperation” on p. 13 of this issue.

Initial steps to implement this initiative include ascertaining the level of interest SAIs may have in participating in such a task force. For additional information about participating in the task force please contact the Russian SAI:

E-mail: [inorg@ach.gov.ru](mailto:inorg@ach.gov.ru)

Website: <http://www.ach.gov.ru>

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## *Swaziland*

### **Appointment of New Auditor General**

Deputy Auditor General Phestecia Themba Nxumalo was appointed Auditor General effective January 1, 2012, after serving as the acting auditor general for 5 months. She replaced Africa Elphas Hadebe, who retired on July 19, 2011.



Phestecia Themba Nxumalo

Ms. Nxumalo joined the public service in February 1977 in the accounting profession and was assigned to the Office of the Auditor General in 1981. She has wide experience in the field of public sector auditing and in public financial management.

For additional information, contact the SAI of Swaziland:

E-mail: [nxumalo\\_themba@yahoo.com](mailto:nxumalo_themba@yahoo.com)

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## *Thailand*

### **Training on Procurement Audit Provided for the State Audit Organization of Laos**

The Office of the Auditor General of Thailand (OAG) provided a 5-day cooperative training session on procurement auditing for the State Audit Organization of the People's Democratic Republic of Laos (SAO) April 22–26, 2013. The delegation comprised 12 SAO staff members headed by Amphonny Keola, vice president of SAO, and A. K. Thakur, the consultant of the Asian Development Bank, the agency that funded this program.



The training covered the following topics:

1. Overview of the background information, structure, mandate, and strategic policy of OAG.
2. Overview of OAG procurement audit in the public sector and its process, including related legislation and a manual/working paper on other related auditing and guidelines.
3. Audit of mega projects, such as the construction of the purple line mass rapid transit system operated by the Mass Rapid Transit Authority of Thailand.
4. Human resources development of OAG.

The training included not only classroom lectures but also site visits to both central and regional audit offices of OAG. This enabled those in attendance to gain more understanding of and experience in the actual conduct of procurement audits through the following projects:

- The construction project to improve the reinforced concrete dam at the Thai Army School at the Quartermaster Department of the Royal Thai Army in Bangkok.
- The construction project to improve and expand the collection and wastewater treatment system in the Jomtien Zone, Pattaya City, Chonburi.

The training and discussions between the staff members of SAO and OAG were beneficial to both SAIs, allowing them to share knowledge and experiences in procurement auditing. The related document and procurement audit report were also provided so that they could be developed through further cooperative study.

For additional information, contact the OAG:

E-mail: [int\\_rela@oag.go.th](mailto:int_rela@oag.go.th)  
Website: <http://www.oag.go.th>

## *Yemen*

### **New President of the Central Organization for Control and Auditing**

In June 2013, Abubakr Hosain Omar Assaqqaf began his term as President of the Central Organization for Control and Auditing (COCA) for the Republic of Yemen. He succeeded Dr. Abdullah Abdullah Al-Sanafi, who served from 2003–2013. He also assumed the role of first vice chairman of ARABOSAI and became a member of the INTOSAI Capacity Building Committee's Steering Committee.



**Abubakr Hosain Omar Assaqqaf**

Mr. Assaqqaf was born in 1965 and received his law degree from Aden University in 1989. From 1989–2009, he had extensive experience as a member of the court and chief justice in various courts throughout Yemen. Before his appointment as President of COCA, he was a board member of the High Authority for Tender Control from 2009–2013.

For additional information, contact COCA:

E-mail: [coca@coca.gov.ye](mailto:coca@coca.gov.ye)  
Website: <http://www.coca.gov.ye>

## Common Principles for Audits of Public Contracts: An Opportunity for INTOSAI Cooperation

by Aleksandr Piskunov, Accounts Chamber of the Russian Federation

As the volume of procurement spending by most governments across the world continues to increase, so too does the need for effective oversight by audit organizations. Although the systems that governments use to acquire goods and services vary considerably, they typically have several objectives in common, including accountability, efficiency, and transparency. The purpose of this article is to suggest that organizations that audit government contracts should work together to identify a set of common principles to guide such audits to help ensure that procurement contracting by governmental entities achieves desired outcomes as efficiently as possible.

### Problem Statement

When governmental procurement systems do not meet expectations, there are several unwelcome consequences. Most immediately, the goods and services needed by agencies or the citizens they serve are not delivered on time when procurement systems do not function as intended. Governments already struggling under budgetary pressures may face even greater challenges. Economic development can suffer. The implementation of international projects ranging from infrastructure to disaster relief can be put in jeopardy. Perhaps most importantly, public confidence in the ability of governments to function effectively declines.

For at least the last decade, issues associated with the improvement of national procurement systems have become important agenda items of such authoritative organizations as the United Nations (UN), the Organization for Economic Cooperation and Development (OECD), the World Bank, the World Trade Organization, the Organization for Security and Co-operation in Europe, and the International Chamber of Commerce. For example, Article 9 of the UN Convention against Corruption of 2003 obliges ratifying states to take “necessary measures to create appropriate procurement systems based on transparency, competition and objective criteria for decision-making.” Further, the official statement of the participants of the 2012 G20 Summit in Los Cabos sets forth independent assessment of national public procurement systems as one of its five requirements.

Such close attention to procurement issues by the international community is far from accidental. The volume of the public procurement market in the OECD member states amounts to 10 to 15 percent of gross domestic product (GDP), while in developing countries and countries with economies in transition it amounts to 25 to 30 percent of GDP.

But the importance of government procurement cannot be measured in numbers alone. The way a government conducts its procurement activities often reflects the social contract between the state and its citizens. Procurement systems are largely

*editor's note*

This article describes the formation of a proposed new task force on audits of public contracts that the Russian SAI is planning to establish. SAIs interested in knowing more about the task force and its work are invited to contact the Russian SAI at [inorg@ach.gov.ru](mailto:inorg@ach.gov.ru).

the creation of a political process that balances the sometimes competing demands of efficiency, fairness, competition, accountability, and other values. Each country strikes its own balance on these issues depending on individual needs, circumstances, and priorities. For example, some countries may place a premium on timely delivery of required goods and services, while others may be more focused on preventing corruption. In many countries, the procurement system is not just a means to acquire goods and services but also a mechanism to accomplish various policy objectives.

### **A Proposal**

Not all of the problems cited above can be addressed, much less solved, by members of the audit community. But the community clearly has a role to play and the capacity and will to do so. In this regard, the strategic goal of SAIs is to assess the effectiveness of procurement to meet public needs. To date, many SAIs have accumulated significant experience in public sector contract auditing, which is summarized in relevant methodological materials. The *Procurement Performance Model*, one of the most important and useful documents, has been prepared and is regularly updated by the Working Group for Public Procurement of the Contact Committee of the SAIs of the European Union member states.

But more can and should be done. A set of principles is needed to guide the conduct of public procurement audits. Such a set of principles would reflect the underlying objectives shared by government procurement systems and provide a framework to enable the audit community to hold governments accountable for accomplishing those objectives. Given the magnitude of the public procurement market and the complexity of the issues in this highly sensitive area, it seems reasonable to engage INTOSAI members globally to develop coordinated approaches and principles for effective public contract audits.

This idea was expressed by the SAI of the Russian Federation and the U.S. Government Accountability Office at the 63rd Meeting of the INTOSAI Governing Board in Chengdu, China, in November 2012. It was supported by the chairman of the INTOSAI Governing Board, the Secretary General of INTOSAI, and the INTOSAI Knowledge Sharing Committee.

### **Task Force on Contract Audit**

To implement this initiative, the Accounts Chamber of the Russian Federation is planning to establish a task force on audits of public contracts.

The task force would have the following objectives:

- Develop a common set of principles for public procurement audit consistent with INTOSAI's fundamental auditing principles and core values as well as relevant international documents, such as the Model Law on Public Procurement of the UN Commission on International Trade Law. These general principles should be relevant to SAIs and underpin SAI activities regardless of their status, mandate,

and national legal systems in providing accountability of contracting mechanisms. Special attention should be given to ensuring the integrity of governmental institutions, the transparency of the procurement process, risk management, and the prevention of fraud and corruption.

- Translate these general principles into operational guidelines covering audits of the entire procurement cycle, including planning and preparation of the procurement, pricing, value for money assessment, tendering and supplier selection, contract management, and contract evaluation.
- Elaborate manuals on public contract audit in specific sectors and areas that are of urgent interest for SAIs, such as public-private partnership procurement and audit manuals for specific types of contracts.

Task force activities and focus areas will need to have an appropriate degree of flexibility. They will need to address practical issues and needs of countries with mature public procurement systems and also enhance the role, and even establish benchmarks for, states where public procurement mechanisms are just emerging. SAIs would be able to apply the products developed by the task force along with their national standards and regulations.

For additional information, please contact the Russian SAI at [inorg@ach.gov.ru](mailto:inorg@ach.gov.ru).

This article describes an approach to measuring the financial impact of audit reports. SAs may find it useful as they consider procedures for their own institutions.

## Measuring the Financial Impact of Audit Reports

by Adnene Maali, State Audit Bureau of Qatar

SAIs seek to enhance public confidence in government institutions by identifying information about the extent to which government programs are effective and efficient. Regardless of whether the audited entities themselves implement good governance practices and meet high standards of accountability, SAs should certainly evaluate and assess the performance of their own audit activities. Ultimately, one of the most difficult—yet most compelling—aspects of performance is the outcome; for the SAI, one key outcome is the financial impact (whether cost savings or increased revenue collection) achieved by implementing audit recommendations.

ISSAI 3000: *Standards and Guidelines for Performance Auditing Based on INTOSAI's Standards and Practical Experience* states that following up on the impact of audit recommendations is important to making audit reports more effective and evaluating SAI performance.

During the 19th UN/INTOSAI Symposium on Government Audit in March 2007, however, few SAs were able to show that they were using forms to measure the impact of their own activities. Most of them agreed that the financial impact of audit work is difficult to quantify.

### Principles to Measure the Financial Impact of Audit Reports

The most commonly used efficiency measures directly related to audit reports are actual versus budgeted hours, percent of time spent in administrative tasks, percent of audit recommendations adopted, and the number of audit engagements. However, the ultimate goal for an SAI performance measurement system should be to measure the financial impact of SAI work. This is extremely important to the SAI's ability to market itself to government officials and other stakeholders.

Obviously, there is no unique framework to measure the financial impact of audits and audit recommendations. However, some common practices may be helpful in conducting such measurements.

#### Establish a Follow-up System

A valuable starting point and the most fundamental process involves establishing and maintaining a follow-up system to monitor the disposition of audited entities' responses to recommendations. To effectively monitor this impact, the SAI should

- establish the time frame within which the auditee will have completed implementing the recommendations,
- evaluate the audited entity's actions in response to the recommendations, and
- determine the number of recommendations that were completely implemented.



### Determine Cause and Effect

Determine the cause-and-effect relationship between the recommendation and the corrective action. This step requires some prudence because the complexity of some corrective actions may mean that the SAI's contribution to them can vary between 0 and 100 percent. The SAI can take 100 percent credit for the impact of a recommendation that is very specific and prescriptive and that the auditee implemented exactly as stated.

An indirect causal link may also be identified when, for example, the entire audit report and not a specific recommendation, contributes to an improvement that results in a financial impact. In this case, the ratio attribution may vary between 5 and 50 percent.

In some cases, the ratio attribution may reach only 5 percent—for example, when part of the audit activities had a minor role in the corrective action.

In any case, it is very important that the SAI develop its own criteria for attributing ratios for the extent to which the SAI's work contributed to a financial impact in an audited activity. Further, the SAI should regularly evaluate the strength of the relationship that has been attributed and determine whether there are any repeated impacts. To ensure this proper evaluation, a team must be designated to study the adequacy of the causal link.

### Identify the Fiscal Year Involved

Financial impacts must have been realized within, or before, the fiscal year in which they are reported, and the auditee must be able to demonstrate the cost savings, additional revenues, or other financial impacts. In all cases, the SAI should not take credit for any future impact, even if achieved, as a result of the continuation of the new controls.

### Agree Upon the Financial Impact

In accordance with ISSAI 400: *Reporting Standards in Government Auditing* (paragraph 24), facts and recommendations are generally agreed upon with the audited entity to ensure that they are complete, accurate, and fairly presented in the audit report.

In the same way, the audited entity must also agree upon financial impact. Senior management of the audited entity should agree on the impact, and either internal or external auditors should also evaluate the impact. In this way, achievement against the impact target will be built only on demonstrable savings, will be rigorously tested, and will be subject to careful scrutiny.

### Identify the Net Savings or Additional Revenue

Financial impact as a component of quantitative impact should be determined as net savings or net additional revenue generated. Therefore, the cost of implementing the recommendations will be covered by the amount saved. The SAI should consider the following factors:

- the degree of effort and cost needed to correct the reported condition,
- the impact that may result should the corrective action fail, and
- the time period involved.

SAIs using this approach will need to spend time and effort, create a good recording system, and secure the cooperation of auditees.

### **Financial Impact Form**

While discussions and interviews with the auditee are often important in the measurement process, it is also crucial to prepare a form that includes all the principles for measuring financial impact and documents the extent of the impact. The SAI should take into account important questions, such as the following, when developing this form:

- Does the form ensure that the SAI provides sufficient evidence to demonstrate the financial impact?
- Did the SAI verify the financial impact?
- Did the SAI take into account the costs of implementing the recommendations when calculating the financial impact?
- What evidence is given (or used) to support the extent (ratio) of causation attributed to the SAI in calculating its share of the financial impact it can take credit for?

### **Stakeholders in the Financial Impact Process**

A team should be created in each audit department to assess financial impact and develop an accurate database for any expected impacts. Such teams should also be responsible for monitoring progress toward measuring impact and reporting the results to senior SAI management.

Heads of individual divisions or departments within the SAI may approve any estimated financial impact that does not exceed a fixed amount. Impact estimates that exceed that amount may need to be approved by a more senior SAI manager.

### **Planning to Measure Financial Impact**

Early coordination with audited entities before starting an audit engagement is crucial to

- explain the reasons for implementing audit recommendations and the benefits of measuring their financial impact,
- identify the information and evidence available in the audited entity and assess its relevance to measuring the financial impact, and

- secure prior agreement on the methodology for calculating the financial impact.

It is also possible to educate some officials in the audited entities on these matters by periodically holding workshops that allow those officials to discuss their difficulties in implementing recommendations and to clarify the methodology used to measure their financial impact.

The financial impact process should be included in the audit approach, and auditors must assess the possibility/likelihood of achieving such impacts. During the preliminary phase of audit engagement, the audit team should evaluate which audit area would lead to the greatest potential financial impact.

This impact can only be accurately estimated through integrated and reliable information on the costs and performance of audited entities. Accordingly, to track the financial impact of audit recommendations, the SAI must identify that information early on and determine how to coordinate with the auditee for monitoring.

### **Carrying Out the Measurement Process**

The implementation of audit recommendations is a key factor in measuring financial impact. The following are some of the important steps in the measurement process:

- During the opening meeting with the auditees, the audit team should clarify the purpose of measuring financial impact and discuss the methodology and approach to the measurement process.
- The head of the audit department may propose additional audit engagements to measure and clarify the usefulness and timeliness of measuring financial impact.
- The SAI and the audited entity should agree on the time to be allocated for measuring financial impact.
- The use of some Computer Assisted Audit Techniques (CAATs) to analyze data and extract results may be very helpful in identifying and measuring more impacts.

Most SAIs are able to report examples of nonfinancial impact, such as improvements in governance, planning, objective setting, or resource allocation. They may even be able to describe anecdotally the wider economic benefits resulting from SAI work, such as improved productivity from patients returning to work more quickly from hospital. However, valid measurement of the actual financial impact of audit results still requires additional efforts by either professional associations or SAIs.

For additional information, please contact the author at [adnen.maali@gmail.com](mailto:adnen.maali@gmail.com).

## **PASAI 2011 Study of Accountability and Transparency of Auditing Institutions in the Pacific Region**

by Dennis O’Leary, PASAI Communications Advisor

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In 2012, the Pacific Association of Supreme Audit Institutions (PASAI) released a report related to its 2011 study of the state of accountability and transparency of government auditing institutions or SAIs in the Pacific region. The study builds on the findings of some work completed in 2009, although this recent project was much broader and undertaken in greater depth than the original.

The project provides particular insight into public sector administration across the Pacific region. Its findings will be used to inform regional governments of the significance of good accountability and transparency practice and to advocate widely on the importance of government auditing institutions and the use of related governance tools.

The Pacific Regional Audit Initiative (PRAI) guides the work of PASAI and was adopted as PASAI’s strategic plan. This study is in accord with one of the goals of the PRAI, which is in part to “advocate enhanced accountability and transparency.”

The study was designed as a learning tool to identify good practices in the field and to promote these across jurisdictions. It was not intended to provide a basis for comparison of accountability and transparency performance between jurisdictions. The findings from the study will provide a benchmark for future follow-up work.

The study was based on a range of international and regional benchmarks and good practice principles. These were drawn from INTOSAI, the International Monetary Fund, the World Bank, and the Pacific Islands Forum, among others. It also looked at measures such as the Transparency International Global Corruption index and the Public Expenditure and Financial Accountability (PEFA) Indicators.

### **Focus of the Study**

Nine focus areas were identified as the basis for the study. These fell into three broad categories of benchmarks: those affecting the government auditing institution or SAI and its work, those affecting the public sector that the auditing institution/SAI operates in, and those affecting wider civil society and how it interacts with the SAI and the government itself. These focus areas were as follows.

The SAI and its work:

- the independence of the SAI,
- open budget preparation, and
- the scrutiny role of the legislature and its committees.

Public sector transparency and accountability:

- the legal and ethical framework of the public sector,
- control of corruption,
- public availability of information, and
- corporate governance in the public sector.

Civil society and its interface with government and the SAI:

- community participation in society and
- media freedom.

There were two components of the research: a questionnaire completed by 20 SAIs, or 80 percent of the PASAI membership, and an in-depth study of six jurisdictions selected from across the region: the Federated States of Micronesia, Guam, New Caledonia, Samoa, the Solomon Islands, and Tonga.

The questionnaire for the SAIs was in three parts. The first explored each institution's mandate, operations, and accountability. The second looked at the public financial management framework in the institution's jurisdiction. The final part considered ethics, governance, and corruption control.

The in-depth studies focused on each SAI and its operations and also included interviews with members, officials, or representatives from the legislature, government agencies, international organizations, the private sector, civil society, and the media.

## **The Findings**

The Pacific region includes some of the smallest countries in the world. The study identified a mixed picture of accountability and transparency, with many strengths but also difficulties arising from under-resourcing and limited country systems.

Of the 20 SAIs surveyed, 90 percent made their governing legislation available to the public either online or in hard copy. Just over half are subject to a practice or peer review.

An SAI, as a nation's public sector auditing body, needs to be fully independent of the government. Methods of appointing the SAI head that operate free from any political interference and influence provide a higher level of confidence and assurance to the citizens of those jurisdictions about the SAI's independence.

In 80 percent of the jurisdictions there is a legal requirement to publish information before or at the time of the budget process and to present an end-of-year report about the budget outcomes by a specified time. Only 30 percent of jurisdictions require their audit bodies to review budget controls and comment on the budget process. The level of civil society and private sector engagement with the budget process generally requires strengthening.



Some political systems have a specific committee of the legislature that is responsible for reviewing the public accounts and audit reports. This is the case in 65 percent of the Pacific jurisdictions surveyed. In the other jurisdictions, this role is taken on mainly by the SAI.

Parliamentary scrutiny of public accounts and audit reports can only be effective if timely accounts have been provided to the auditing institution and if the audit has been completed in a timely manner. Audit bodies that reported directly to the public were more likely to be up to date with their audits, as were those that outsourced financial audits.

Three-quarters of jurisdictions have a standard of ethical practice or guidelines for the civil service. Only one directly provides these guidelines on ethics and standards to the civil service.

The study suggests that the level of corruption can be influenced by the development of transparency legislation. Anticorruption institutions exist in 50 percent of the jurisdictions surveyed. Political commitment to establishing and adequately resourcing such institutions is essential to controlling corruption.

In the jurisdictions surveyed, 75 percent of the SAIs have identified weaknesses in their public sector control systems. Less than half of the jurisdictions have conflict of interest disclosure laws for civil servants and government officials. The independence of bodies such as the SAI and the prosecutor's office is crucial.

Access to public information was found to be fairly limited and an area requiring much work. Good corporate governance in the public sector is still at the developmental stage in many Pacific states. The study also found that a close working relationship between the private and public sectors is important to the economic health of Pacific countries.

Only 25 percent of the surveyed SAIs have developed their own standards, guidelines, and indicators for assessing the compliance of public entities with the principles and practice of corporate governance.

According to the study, including civil society and nongovernmental organizations in government decision making and public management is still at the developmental stage in many jurisdictions. Transparency International was seen as important to the region in providing public education on accountability and transparency in the use of public funds.

The media plays an active role in the promotion of accountability and transparency in the use of public funds. Some 65 percent of surveyed audit bodies have direct working relationships with media organizations through media releases, conferences, and circulation of audit reports.

## Future Action

The report contained 17 recommendations, spread across all of the focus areas, that urged the SAI community to promote changes in the public financial management environment. At the national level, SAIs are urged to encourage their governments and legislatures to improve SAI legislation where necessary and to take action in areas such as civil service ethics and corruption control. PASAI, as the regional body, has developed resources and materials to assist its members in this work as part of its advocacy role under the PRAI. One of the region's SAIs reported to PASAI's annual congress in October 2012 on the steps it had taken to brief its government on the report and outline possible areas for future work to improve accountability systems.

Besides the recommendations addressed to the SAI community, the report also identified a number of “good practice” indicators that governments, nongovernmental organizations, and civil society groups could embrace—in, for example, the areas of public access to information and the adoption of principles of corporate governance by public sector organizations. The report also contains information about a number of positive practices the study identified (in, for example, the area of public participation in budget preparation) that could be adapted elsewhere in the region.

Making progress will not be easy. The report calls for a “concerted and well-co-ordinated effort” by PASAI and its member SAIs, and from other Pacific region institutions with an interest in good governance, to work together to promote improvements across the “accountability chain.” PASAI intends to follow up the report with a further study in 2014.

A full copy of the report, including its extensive recommendations for improvement and useful good practice indicators, can be found under “Resources” on the PASAI website at <http://www.pasai.org>.

# Spotlight on ISSAIs

## Complementing the Australian SAI's Financial Audit Framework Using ISSAIs

by Linda Gorrell and Mitchell Fleming, Australian National Audit Office

At the November 2010 XX INCOSAI in South Africa, INTOSAI endorsed the ISSAIs, which represent operational guidelines to be used in auditing in the public sector.

In the South Africa Declaration, INTOSAI called upon its members to use the ISSAI framework as a common frame of reference for public sector auditing. The declaration also called upon its members to measure their own performance and auditing guidance against the ISSAIs and implement the ISSAIs in accordance with each SAI's jurisdiction and national legislation and regulations.

In 2012, in response to the South Africa Declaration, the Australian National Audit Office (ANAO) reviewed its financial audit framework against the ISSAIs for financial audits (the Financial Audit Guidelines) to ensure that the policies, procedures, and guidance materials adopted to guide the ANAO's financial statement audits reflect global best practice.



Ian McPhee, Auditor-General of Australia (right), with project team (left to right) Brandon Jarrett, Linda Gorrell, and Mitchell Fleming.

The ISSAIs for financial audits incorporate the clarified International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB), each prefaced by an INTOSAI Practice Note. The Practice Note provides relevant guidance on applying the ISA to financial audits of public sector entities in addition to the public sector perspective included in the ISA explanatory material. Since 2004, the IAASB and INTOSAI have worked in partnership to incorporate public sector input in the development of ISAs.<sup>1</sup> The ISAs represent a global set of standards for financial audit for both private and public sector auditors.

## The Australian Context

Australia is a federation comprising a national government and separate state and territory jurisdictions. At the national level, the *Auditor-General Act 1997* requires the Australian Auditor-General to set standards for conducting mandated financial statement and performance audits. The ANAO, as the Office of the Australian Auditor-General, adopts the Australian Auditing Standards (ASA) set by the Australian Auditing and Assurance Standards Board (AUASB). The AUASB standards are based on, and consistent with, the IAASB's ISAs.<sup>2</sup> The ASAs are applied by the private sector in Australia for company audits as required by the national *Corporations Act 2001* as well as in the public sector. The ASAs are familiar, well known, and highly regarded in Australia, and their adoption results in consistency between private and public sector audits. The AUASB has members from both the private and the public sectors.

The ANAO's financial audit framework is designed to meet the requirements of the ASAs and the mandate of the Auditor-General. The ANAO has developed a methodology in conjunction with one of the big four international accounting firms. By utilizing the services of a big four firm to assist in developing and maintaining the framework, the ANAO has benefited from the firm's international audit experience and the resources it is able to devote to developing its methodology. Considering the INTOSAI auditing standards further enhances the ANAO's existing framework through refinements addressing the additional objectives and broader mandate that the ANAO has as an SAI.

Before the 2012 review of the Financial Audit Guidelines, the Practice Notes were being used as a reference point when creating new audit procedures and reviewing existing policies. The guidelines confirmed the ANAO's audit approach, with some areas being identified where policies could be refined to consider additional public sector matters.

## The Process Undertaken and Challenges Encountered

Since the Financial Audit Guidelines are underpinned by the ISAs (which the ANAO applies in conformity with the ASAs), the scope of the review focused on the additional guidance contained in the Practice Notes. The 36 Practice Notes comprised

<sup>1</sup>International Auditing and Assurance Standards Board Press Release, "IAASB Welcomes INCOSAI's Declaration on International Standards of Supreme Audit Institutions" (Dec. 14, 2010).

<sup>2</sup>International Federation of Accountants, *Basis of ISA Adoption by Jurisdiction*, <http://www.ifac.org/about-ifac/membership/compliance-program/basis-isa-adoption>.

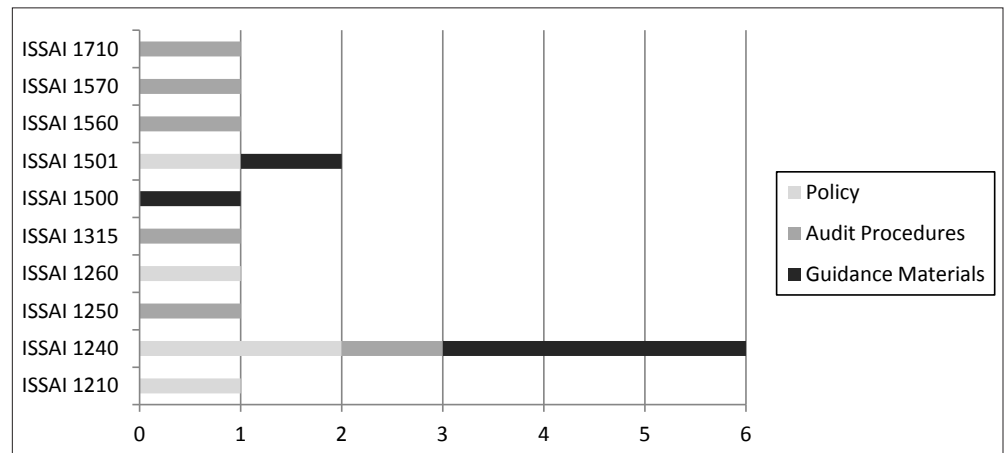
404 Practice Note paragraphs. Because of the scale of the project and the small project team involved, a structured approach to the review was needed to ensure sufficient coverage over the details.

While it is not mandatory to apply the guidance in the Practice Notes, a decision process was required to assess the matters raised in each Practice Note paragraph. This included determining whether (1) the paragraph was applicable in the context of Australian government responsibilities and the ANAO’s mandate and (2) the paragraph was fully addressed by ANAO’s framework. Finally, where a gap was identified, its significance was assessed and a recommendation made to address it.

### Results and Analysis

The 36 Practice Notes vary considerably, in both length and the number of additional public sector considerations. The review found that ANAO’s existing ASA-based framework aligned closely with 26 of the Practice Notes. In the remaining 10 Practice Notes, the review identified helpful additions to the ANAO’s financial audit framework, and these resulted in 16 recommendations, all of which have been implemented. The review of ISSAI 1240: *The Auditor’s Responsibility Relating to Fraud in an Audit of Financial Statements* resulted in six of the recommendations. The Practice Note paragraphs to this standard offered a wider range of considerations, including additional definitions, communication considerations, and comprehensive examples. The remaining Practice Notes accounted for the other 10 recommendations. Figure 1 identifies the nature and number of recommendations by ISSAI.

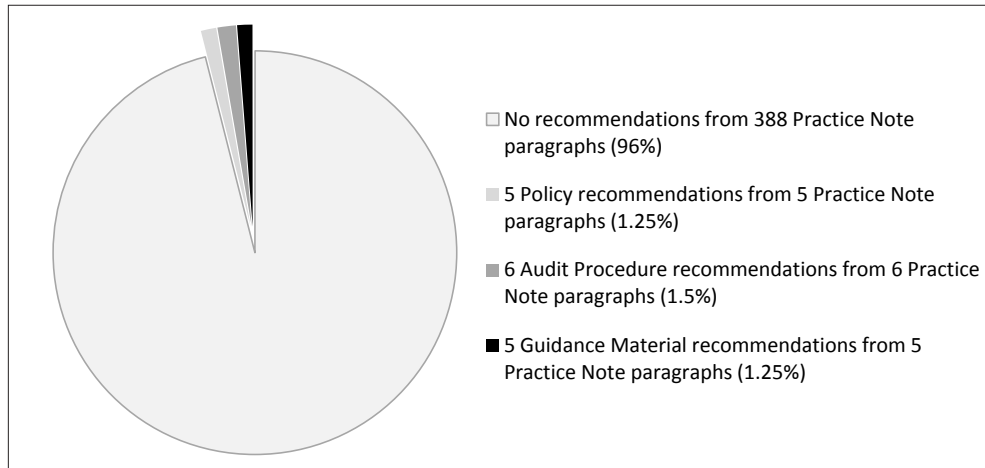
**Figure 1 - Nature and Number of Recommendations by ISSAI**



The 16 recommendations made represent a strengthening or refinement to the policies, procedures, and guidance materials in the ANAO’s financial audit framework.

Figure 2 shows the number of recommendations made relative to the number of Practice Note paragraphs.

**Figure 2 - Number of Recommendations Relative to the Number of Practice Note Paragraphs**



Five of the 16 recommendations involved changes to the ANAO's policies. For example, ISSAI 1501: *Audit Evidence—Additional Considerations for Specific Items* raised a consideration that the ANAO's policies had not specifically addressed in relation to the independence assessment of solicitors in the public sector. In response, the existing financial audit policy regarding solicitor representations has been strengthened to consider the independence and objectivity of legal counsel and to assess the risk of material misstatement due to bias.

Six of the recommendations were refinements to existing audit procedures in the ANAO's audit software. For example, ISSAI 1240: *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report* raises the public sector consideration that revenue recognition may not always be the most relevant area for the presumption of fraud risk. The ANAO's existing financial audit procedures addressed the risks of fraud. The review recommended that the areas of procurement and grants be strengthened through the addition of guidance specific to the Australian government.

Five recommendations resulted in incorporating public sector examples from the Practice Notes into audit guidance materials. These Practice Note paragraphs and appendices to the standards provided useful public sector examples. For example, the appendices to ISSAI 1240: *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report* have been provided to the ANAO's financial statement auditors as they cover relevant public sector examples of fraud risks, possible audit procedures to address assessed risks and possible indicators of fraud in the public sector.

## Conclusion and the Way Forward

The ANAO has continually maintained its financial audit framework to meet ASA requirements and ensure that its work is guided by contemporary developments in auditing. As a result of this review, the ANAO can now demonstrate that its framework is consistent with the ISSAI Financial Audit Guidelines. The ANAO will continue to maintain its financial audit framework in line with developments in the ASAs and financial auditing standards and play its part in future ISSAI developments.





# INTOSAI- *Donor Cooperation* *Update*

## **Measuring Value and Benefits through an SAI Performance Measurement Framework**

by the INTOSAI-Donor Cooperation Secretariat

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At the XX INCOSAI held in Johannesburg in 2010, the INTOSAI community endorsed a full set of International Standards of Supreme Audit Institutions (ISSAI), underlining its desire to harmonize and strengthen audit practices worldwide. Taking into account the heightened interest of external and internal stakeholders and the widening range of audit services provided by SAIs, INTOSAI recognized the need to increasingly demonstrate the value and benefits that SAIs provide.

The Working Group on the Value and Benefits of SAIs (WGVBS) has since developed draft ISSAI 2: *The Value and Benefits of Supreme Audit Institutions—making a difference to the lives of citizens* and exposed it to the INTOSAI community for comment. Draft ISSAI 2 provides guidance to SAIs on how they can be relevant to their societies by

- strengthening the accountability, integrity, and transparency of government and public entities;
- demonstrating ongoing relevance to citizens and other stakeholders; and
- being model organizations that lead by example.

In Johannesburg, the WGVBS was also given the mandate to develop a credible performance measurement framework (PMF) to objectively assess SAI performance and capabilities against the ISSAIs and other established international good practices for SAIs.<sup>1</sup> A task team was formed, coordinated by the INTOSAI-Donor Secretariat within the INTOSAI Development Initiative (IDI). This team draws on technical advice from a wider reference group, including SAIs, regional working groups, development agencies, and civil society organizations. Furthermore, the INTOSAI Capacity Building Committee, the Steering Committee of the INTOSAI-Donor Cooperation, and other INTOSAI committees have been involved at various stages of the process.

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<sup>1</sup>Members of the task team are AFROSAI-E and CREFIAF; the SAIs of Bahrain, Brazil, Chile, Germany, India, Mexico, Russia, and the United Kingdom; the Inter-American Development Bank; and IDI's INTOSAI-Donor Secretariat as coordinator.

### **Why and How Should an SAI PMF Assessment Be Done?**

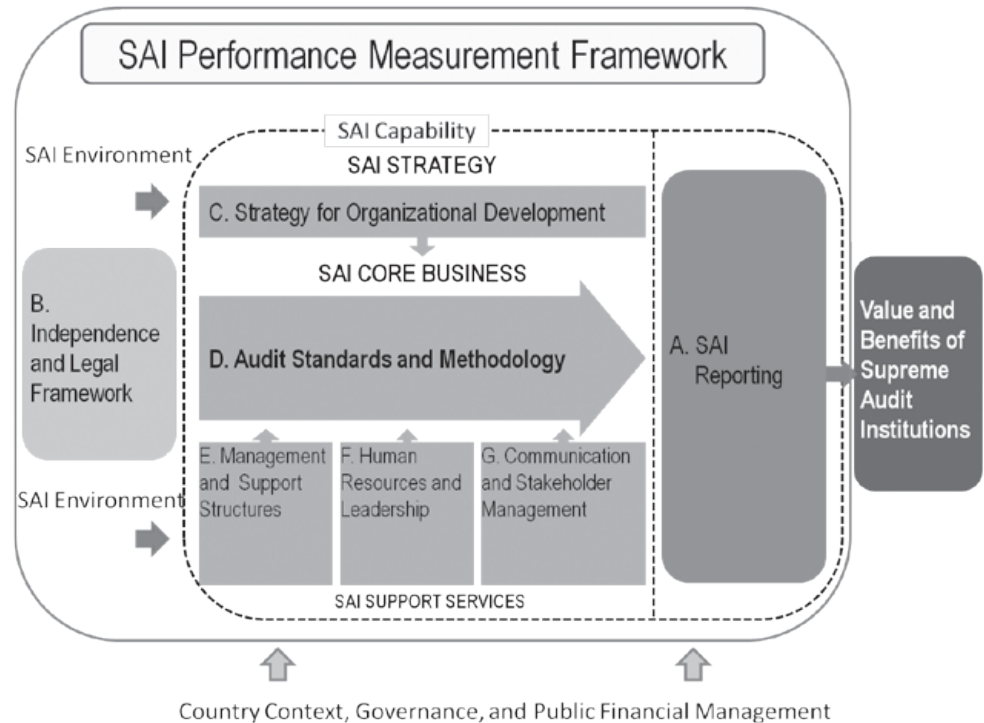
The SAI PMF assessment will help an SAI identify its strengths and weaknesses against established INTOSAI standards and good practices. Assessments may be carried out for a variety of purposes—for example, to provide input to the SAI's internal performance management system or to demonstrate to external stakeholders, including providers of support, that performance has improved over time.

The SAI PMF is a tool that will provide a global public benefit, and SAIs can make use of it if it helps them achieve their objectives. The head of the SAI is responsible for deciding (1) whether to undertake an SAI PMF assessment and what to do with the result and (2) the purpose and the objective of the assessment. The timing and frequency depend on the context and purpose of the assessment, and SAIs should undertake assessments when they best fit their own strategic planning and developmental cycles.

The purpose of the assessment will determine how an assessment is conducted and who is tasked with performing it. Possible models include self-assessment, peer assessment, or external assessment. Self-assessments may, for example, be of higher value for internal management purposes, while external or peer assessments may be seen as more credible sources of information for communication with external stakeholders or for providing an overview of SAI performance within a particular INTOSAI region.

### **The Content of the SAI Performance Measurement Framework**

Consistent with the ideas and mandate of the WGVBS, the SAI PMF focuses on analyzing the SAI's impact on society—in other words, its value and benefits. The SAI PMF consists of a set of measurable indicators and guidance for a qualitative performance analysis. Performance is measured by 24 indicators under seven domains. All indicators capture both what is written in legal frameworks and procedures and what is done in practice. Subsequently, linkages between the domains and external factors—such as country context and political economy, which may enable or hamper the SAI's performance—are analyzed in a narrative performance report. The seven domains in the figure 1 provide a holistic, high-level picture of the SAI's performance.

**Figure 1: Structure of the SAI PMF**

Each of the seven domains consists of one or more indicators measured through up to four different dimensions, some of which contain different criteria. Emphasis is placed, in particular, on domains A (SAI Reporting) and D (Audit Standards and Methodology), as they focus on the SAI's core business and impact. The link between the quality of the underlying audit work and the quantity and use of the audit results would have to be considered when preparing the SAI performance report.

All the domains lie within the direct control of the SAI to influence, except for domain B, which focuses on both *de jure* and *de facto* independence and the legal framework governing the SAI. Although these are factors outside the direct control of the SAI, the SAI can influence them to some extent in the longer term. Independence is crucial for SAI credibility and contributions to society. Therefore, indicators in this domain have been included, even though it is partly outside the control of the SAI.

The SAI PMF relates directly to draft ISSAI 2: *The Value and Benefits of SAIs—making a difference to the lives of citizens* by providing a measurement tool and also by its structure and content. The SAI PMF helps SAIs reflect on their work to strengthen the accountability, integrity, and transparency of government by improving the SAIs' core business, demonstrating ongoing relevance to citizens and other stakeholders through reporting and communication and being model organizations with regard to strategic processes, management, human resources, and leadership.

## The Way Forward in Developing the SAI Performance Measurement Framework

An initial draft of the SAI PMF has been piloted in three countries that represent SAIs of different sizes, levels of development, and models (the Westminster, Board, and Court models). Together with a wide range of comments from the reference group and other stakeholders, the results of the pilots enabled the task team to identify overlaps and areas for improvement. The pilots and comments were useful in showing the framework's strengths, particularly in confirming the relevance and applicability of the indicators, the value of the results, and the overall feasibility of the assessment and the performance report.

In January 2013, the task team met for the third time to reflect on these observations and to further develop the domains, indicators, dimensions, and criteria of the SAI PMF. The WGVBS will put forward an official exposure draft of the SAI PMF in July that will be presented at the INTOSAI congress in China in October 2013. This exposure draft will be subject to extensive consultation and piloting between 2013 and 2015. It will then be revised and submitted for approval at the INTOSAI congress in 2016.

A rollout strategy for the SAI PMF has been developed. It aims to develop networks of regional experts on the SAI PMF and build capacity in the INTOSAI regional bodies to support SAI PMF assessments. To achieve this, the INTOSAI-Donor Secretariat will partner with the regions to organize training events in all regions during 2013 and 2014. Further information on the SAI PMF and an overview of past and forthcoming training events is available on the IDI website: <http://idi.no/artikkel.aspx?MIId=102&AId=704>.

In parallel with this, a second wave of pilots will start in 2013 to allow the framework to be tested in a variety of SAIs representing different models and stages of development around the world. It is foreseen that the INTOSAI-Donor Secretariat will provide support for quality assurance in the pilots and will help facilitate the initialization of SAI PMFs. SAIs interested in taking part in the second wave of pilots are invited to contact IDI at [intosai.donor.secretariat@idi.no](mailto:intosai.donor.secretariat@idi.no).

## INSIDE INTOSAI

### UN-INTOSAI Symposium Held in Vienna, Austria

The United Nations Department for Economic and Social Affairs (UN DESA) and the INTOSAI General Secretariat held their 22nd biennial symposium March 5–7, 2013, in Vienna, Austria. In attendance were more than 150 participants from more than 60 countries, including more than 40 heads of SAIs. The symposium theme was “Audit and Advisory Activities by SAIs: Risks and Opportunities, as well as Possibilities for Engaging Citizens.” The SAI of India was technical chair for the event.



Participants in the UN-INTOSAI symposium.

The primary theme was divided into three subthemes:

- “Audit and Counseling by SAIs: Requirements and Opportunities for Government Auditing,” chaired by the SAI of China;
- “Risks and Opportunities of Audit and Counseling by SAIs,” chaired by the SAI of South Africa; and
- “Effectiveness and Transparency of Audit and Counseling through the Participation of Citizens,” chaired by UN DESA.

Dr. Josef Moser, INTOSAI General Secretary, opened the symposium by recognizing that in constrained budgetary times, citizens are justifiably asking how public governance can be more effective and efficient and how SAIs can contribute to that process.

“Recent developments have revealed an increasing need for strong and efficient external government audit. In various respects, citizens long for strong, effective control bodies to be able to detect and avoid ill-directed developments early on.

Pinpointing shortcomings and deficiencies retrospectively is no longer sufficient. The question as to the added value and the impact of control institutions is gaining ever more ground.

Therefore, there is a growing need for SAIs to engage in future-oriented counseling alongside retrospective auditing. In this process, the principles of the Lima and Mexico declarations must in no way be compromised. On the contrary, only if this is heeded will it be possible to reach our principal aim, which is the best possible use of public funds in a credible and objective manner.”



He further outlined three objectives for the symposium:

- identifying ways for SAIs to improve the economy and efficiency of public governance,
- highlighting measures that will maximize opportunity and minimize risk in that effort; and
- highlighting useful methods that will serve as best practices.



Representatives from the UN addressed the symposium.

In his opening statement, Wu Hongbo, UN Undersecretary for Economic and Social Affairs, emphasized the importance of good governance as a key element of sustainable development:

“The United Nations and the international community recognize that economic growth, social development and environmental protection form the three pillars of sustainable development. Cross-cutting, effective, and efficient public administration is also critical in supporting the three pillars.

Some experts suggest that good governance is the fourth pillar of sustainable development. I agree. Good governance strengthens and reinforces the inter-linkages of the social, economic, and environmental pillars and ensures that the future we want is translated into reality.”

Over the 3 days of presentations, various speakers addressed aspects of audit and counseling. Many presentations highlighted how counseling differs from the purely retrospective identification of shortcomings and deficiencies of many audit approaches. Counseling calls for offering both auditees and government managers specific recommendations that can be practically implemented to improve economy and efficiency.



Representatives from Vietnam attending the symposium.

To be useful such recommendations must be

- stated clearly and focused on solutions,
- addressed to the appropriate parties who have the requisite authority for action,
- vigorously defended by the SAI when challenged, and
- useful beyond the purposes of the immediate audit.

The meeting concluded by encouraging SAIs to support UN General Resolution 66/209, *Promoting the efficiency, accountability, effectiveness and transparency of public administration by strengthening Supreme Audit Institutions*. Participants also generally agreed that by using advisory and counseling approaches in addition to traditional auditing skills, SAIs can significantly contribute to the effective and efficient enhancement of good governance.

For the complete agenda and links to the presentations, conclusions, and recommendations, see <http://www.intosai.org/events/unintosai-seminars/22nd-unintosai-symposium/program.html>.

## **Capacity Building Committee: A Global Call for SAIs to Register Experts in the INTOSAI Experts and Specialists Database**

Subcommittee 2 of the Capacity Building Committee (CBC)—Develop Advisory and Consultant Services—has developed the INTOSAI Experts and Specialists Database to help INTOSAI members identify professionals from different SAIs with expertise in specific auditing fields. SAIs can contact these experts to promote knowledge sharing and capacity building.

Many tools and possibilities exist to share the experience of SAI experts and specialists for the benefit of the INTOSAI community. Therefore, Subcommittee 2, which is chaired by the SAI of Peru, is encouraging all SAIs to register in the database qualified working and retired professionals in government audit from their institutions.

To accomplish this, Subcommittee 2 is requesting that individual INTOSAI members appoint a liaison officer and authorize that person to register two or more qualified professionals. The appointed officer should send Subcommittee 2 an e-mail at [cooperacion@contraloria.gob.pe](mailto:cooperacion@contraloria.gob.pe) to request a username and password to open an account. The account will be opened immediately and, subsequently, access to the database will be granted for consultations and ongoing registration of experts.

For additional information, contact Subcommittee 2 at [cooperacion@contraloria.gob.pe](mailto:cooperacion@contraloria.gob.pe).

## **Second Global Call for SAI Capacity Development Proposals to Be Launched in October 2013**

During the fifth INTOSAI-Donor Steering Committee meeting in October 2012, it was decided that the Global Calls for Proposals to promote SAI capacity development will be carried out annually at fixed intervals. The second Global Call for Proposals will be launched at the sixth INTOSAI-Donor Steering Committee meeting, October 18–19, 2013, in Beijing. SAIs in countries eligible for official development assistance (ODA) can apply, as can INTOSAI regions/subregions and INTOSAI committees, subcommittees, and working groups that submit proposals for initiatives designed primarily to benefit SAIs in ODA-eligible countries.

During the first round, 55 proposals were submitted. While the matching process is still ongoing, to date 12 proposals have resulted in projects in progress, another 3 have had financing approved, and applicants and development partners are in ongoing dialogue on 14 additional proposals. The 2013 Global Call for Proposals will be a two-stage process in which applicants first submit a concept note with an outline of the suggested project and then develop this into a more comprehensive proposal if there is interest from providers of support. The INTOSAI-Donor Secretariat will coordinate the process and support applicants in developing concept notes and proposals. In connection with this second round, the INTOSAI-Donor Secretariat has invited the INTOSAI regions and subregions to explore the demand for regional training on writing needs-based capacity development proposals for member SAIs.

The templates for concept notes and proposals are already available on <http://www.idi.no/artikkel.aspx?Mid1=105&Aid=628> in English, Arabic, French, Spanish, Russian, and Portuguese.

For additional information, please contact [intosai.donor.secretariat@idi.no](mailto:intosai.donor.secretariat@idi.no).

## Working Group on the Value and Benefits of SAIs Shares Draft Communications Guideline

To help maximize the effectiveness of SAIs in communicating the results of their work, INTOSAI's Working Group on the Value and Benefits of SAIs has produced an exposure draft of a communications guideline for use by SAIs. This guideline, entitled *Communicating and Promoting the Value and Benefits of SAIs: An INTOSAI Guideline*, describes the different approaches and tools SAIs can use to communicate and interact with citizens and other stakeholders. The guideline draws from INTOSAI's Communication Policy, the recommendations of the June 2011 UN–INTOSAI Vienna Symposium, and the external communication practices of INTOSAI members. It focuses on key communication principles, and the use of instruments and tools for external communication, including approaches to fostering constructive interactions with citizens.

The exposure draft was recently presented at the 22nd UN/INTOSAI Symposium in Vienna, Austria, on March 3, 2013. Comments were received both at the symposium and during the general comment period from January 16–April 1, 2013, and will be analyzed and incorporated into the guideline. In general, the comments affirmed the value of the guideline and the approach it takes to providing a framework for considering how SAIs can communicate in today's world of widely varied audiences and rapidly evolving communications vehicles. Appreciation was expressed for the guideline's emphasis on (1) the flexibility afforded each SAI to apply the guideline in the context of its own structure and environment, (2) the importance of two-way communication with citizens and other stakeholders, and (3) the recognition of the many different means of communicating available to SAIs. Technical and other suggestions were made as well.

The revised guideline will be presented at the July meeting of the Working Group on the Value and Benefits of SAIs in Lima, Peru. Following consideration by the working group, plans will be made for presenting the guideline for discussion and potential approval at the November INCOSAI in Beijing, China.

The project team within the working group responsible for the development of the guideline consists of five SAIs: the United States (project coordinator), Austria, Israel, People's Republic of China, and United Republic of Tanzania; two partnering organizations joined the project team as well: the International Budget Partnership and the United Nations Department of Economic and Social Affairs.

For additional information, please contact Terence Nombembe, chair of the working group, at [agsa@agsa.co.za](mailto:agsa@agsa.co.za).

## Meeting of the INTOSAI Finance and Administration Committee

On May 29–30, the U.S. Government Accountability Office hosted the ninth INTOSAI Finance and Administration Committee (FAC) meeting in Washington, D.C. Representatives from the INTOSAI General Secretariat and the SAIs of China, Ecuador, Mexico, Norway, Saudi Arabia, South Africa, and the United States attended. At the meeting, committee chair Osama Faquih of Saudi Arabia summarized FAC accomplishments, drawing particular attention to the work associated with monitoring the implementation of the strategic plan, progress with the INTOSAI-Donor Cooperation and SAI database, an evaluation of INTOSAI finances, and the work of the Task Force on Financial Foresight (TFFF).



Participants in the ninth INTOSAI Finance and Administration Committee meeting in Washington, D.C.

Dr. Josef Moser, INTOSAI general secretary, provided a number of updates since the 63rd Governing Board meeting. Most notably, Dr. Moser discussed INTOSAI's need to be able to work with and respond to international organizations such as the International Monetary Fund.

Jørgen Kosmo of Norway, chair of the TFFF, highlighted the task force's work on strategic planning, emerging issues, and financial issues. After much discussion, the committee recognized that INTOSAI has evolved into a more dynamic organization with greater recognition from other international bodies. Therefore, the committee believes INTOSAI would benefit from more flexibility in maintaining its finances and receiving additional support from its members in achieving its strategic goals and objectives.



With regard to strategic planning, Chris Mihm of the United States discussed planning assumptions for the strategic plan that have emerged from preliminary discussions with the INTOSAI Director of Strategic Planning and others. He also discussed the initial steps the Task Force on Strategic Planning is planning to take before and immediately after the upcoming XXI INCOSAI in Beijing.

Mr. Faquih discussed the progress and achievements of the INTOSAI-Donor Cooperation since the last FAC meeting in October 2012. The achievements include increased interest from the global development community in partnering with INTOSAI in this unique initiative. Mr. Faquih noted the signing of the memorandum of understanding (MOU) by the Asian Development Bank, the Australian Agency for International Development, and the GAVI Alliance at the fifth steering committee meeting. In addition, he announced that the Global Fund to Fight AIDS, Tuberculosis and Malaria signed the MOU in February 2013, thereby becoming the 20th donor signatory.

Carlos Pólit from Ecuador gave the committee insight into regional perspectives on the INTOSAI-Donor Cooperation and reported on recent accomplishments of OLACEFS.

Gene Dodaro of the United States reported on the status of the *International Journal of Government Auditing* and the importance of technology in its future.

Juan Portal of Mexico highlighted the latest developments with the SAI database, including progress with the comprehensive survey and essential electronic elements of the database.

Terence Nombembe of South Africa presented information on the SAI performance measurement framework.

Zhou Weipei of China reported on progress in the preparations for the XXI INCOSAI in Beijing.

For additional information contact the FAC chair at [gab@gab.gov.sa](mailto:gab@gab.gov.sa).

## **AFROSAI's Working Group on Environmental Auditing Holds Third Meeting**

The AFROSAI Working Group on Environmental Auditing (AWGEA) and its steering committee held the group's third meeting April 14–18, 2013, in Cairo. Forty-three members from 17 African countries attended the meeting in addition to representatives from international organizations (such as FAO and GIZ) and the SAI of Indonesia, the incoming chair of the INTOSAI Working Group on Environmental Auditing.

The meeting was preceded by a training course on mining. The meeting itself covered subjects including issues of corruption and fraud in environmental auditing, the state of African waters and future challenges, and the environmental cooperative audit on

the River Nile Basin. The ARABOSAI Working Team on Environmental Auditing also submitted its report during the meeting.

For additional information, contact the SAI of Egypt at [ircdept@yahoo.com](mailto:ircdept@yahoo.com).

## New EUROSAI Publication Shares Good Practices Among SAIs

How do you get to know what is new and innovative in European SAIs? As part of the work of the EUROSAI goal team responsible for identifying and disseminating best capacity-building practices, EUROSAI has recently released the first issue of *EUROSAI Innovations: Sharing Good Practices among Supreme Audit Institutions*. It is available online in English at <http://www.nik.gov.pl/plik/id,4812,vp,6255.pdf>. The publication provides a forum for European SAIs to publicize what they consider their most interesting recent innovations.

Fifteen SAIs sent in some 43 different examples for the first edition. The examples include work in Lithuania on following up on recommendations, work in France to make internal training events available via videoconferencing to other French-speaking SAIs, efforts in Germany to increase budget transparency and in Estonia to reduce ecological footprints, and work in the United Kingdom on helping governments take a structured approach to reducing spending.

Each entry is brief—rarely more than three to four paragraphs. As part of democratizing knowledge transfer, individual e-mail addresses are provided so anyone wanting more information can get in touch directly with those responsible for the innovation.

The publication is already being translated into French and Spanish and will likely be translated into more languages in the future.

At this stage, a second edition is planned for January 2013. EUROSAI plans to follow up to assess the publication's usefulness and whether readers have contacted those responsible for the innovations.

For more information, contact [abaldacchino@ccomptes.fr](mailto:abaldacchino@ccomptes.fr).

## Young EUROSAI Conference in The Hague

In June 2014, the Netherlands Court of Audit (NCA) will be the proud host of the IX EUROSAI congress in The Hague, The Netherlands. In the run-up to the congress, the NCA will be holding a Young EUROSAI (YES) conference in Rotterdam, November 20–22, 2013.



The YES team.

The YES conference will have the same theme—innovation—as the IX EUROSAI congress, and it will inform the congress of the views of younger generations and possible future leaders of EUROSAI members. This is an excellent opportunity for young staff members to bring forward new ideas and to exchange their knowledge with their European peers.

Both the EUROSAI 2014 congress and the YES conference will put the theme into practice. In addition to short plenary lectures and presentations, participants can look forward to hands-on activities. The YES conference will be an interactive experience with creative interventions, including workshops by EUROSAI members to search for innovative solutions to the challenges facing SAIs. It will provide an exceptional networking and relationship-building opportunity.

The NCA is confident that a new generation of government auditors will be able to add their own—and highly relevant—agenda to the proceedings at EUROSAI 2014. The idea is for young SAI professionals to work together during the YES conference so that they inspire each other and return home with a new network of invaluable contacts.

From preparation to evaluation, the YES conference is being organized by young NCA professionals. From each SAI, two young professionals, age 35 and under, are invited to join the YES conference.

For more information on the IX EUROSAI congress and the YES conference, please go to <http://www.eurosai2014.nl>.

## Dialogue between OLACEFS and Multilateral Organizations

In February 2013, Minister Augusto Nardes, the President of OLACEFS and the Brazilian Federal Court of Accounts (TCU), visited a group of multilateral institutions and SAIs to initiate discussions about cooperation initiatives and establish connections with entities with the potential to be important partners with OLACEFS in the exchange of knowledge and support for institutional development projects.

The main meetings took place in the Organization of American States (OAS), the U.S. Government Accountability Office (GAO), the Inter-American Development Bank (IDB), the United Nations Development Program (UNDP), the UN Secretariat, the Office of the Auditor General of Canada (OAG), and the Canadian International Development Agency (CIDA). At each meeting, OLACEFS' main plans and projects were presented, with a special emphasis on capacity building. Participants discussed the possibility of boosting capacity-building programs using coordinated audits to enhance their impact. This type of audit allows methodological and technical knowledge to be applied to real-life problems and results in a concrete product—an audit report—that is specific to the sector and region.

The German agency GIZ has been an important partner in supporting the first coordinated audits performed in OLACEFS. Now OLACEFS is seeking other partners to broaden and disseminate these initiatives. Coordinated audits can be an important component of multilateral cooperation because they provide (1) a good balance between commitments and benefits among participants, (2) gains in scale and cost sharing, and (3) timetables, check points, and concrete results that provide good indicators to measure outputs.



Minister Augusto Nardes, President of OLACEFS, and OAS Secretary General, José Miguel Insulza.

By supporting specific training events, forming professional networks with OLACEFS SAIs, facilitating the participation of experts, and engaging in a common agenda, multilateral organizations and experienced SAIs can not only make significant contributions to the improvement of governmental auditing within Latin America and the Caribbean but also reap the benefits of learning for their own organizations.

For additional information, contact the TCU at [olacefs@tcu.gov.br](mailto:olacefs@tcu.gov.br).

## **XXIII OLACEFS General Assembly to Be Held in Chile**

Preparations are being made for the OLACEFS annual meeting in Santiago, Chile, in December 2013.

The meeting will address administrative and management matters pertaining to OLACEFS and updates on initiatives of various technical bodies in OLACEFS, such as the establishment of a knowledge management system and the progress of the regional training system. The General Assembly will also discuss four technical topics whose presentation was approved during the previous meeting in Brasilia in November 2012. These topics are (1) a Toolbox for the Control of Corruption being prepared by the Commission on Public Ethics, Administrative Probity, and Transparency, to be presented by the SAI of Chile, (2) environmental issues resulting from the destruction of biodiversity, to be presented by the SAI of Argentina, (3) the impact of applying the Performance Management Framework in an SAI of the region, to be presented by the SAI of Peru, and (4) citizen participation in fiscal control, to be presented by the SAI of Costa Rica.

For additional information, contact OLACEFS at [relacionesinternacionales@contraloria.cl](mailto:relacionesinternacionales@contraloria.cl).



### **WGITA-IDI Capacity Development Program on IT Audit**

The Capacity Development Program on IT Audit is a cooperative effort between the INTOSAI Working Group on IT Audit (WGITA) and IDI. It was piloted in the AFROSAI-E region in September 2012.

#### **IDI/AFROSAI-E Review Meeting for Pilot IT Audits**

SAIs participating in the program conducted pilot IT audits. From March 6–15, 2013, 11 SAIs met in Zambia to discuss the reports on the pilot audits conducted in the respective SAIs. These reports were also reviewed by experts and peers. In addition, participants provided feedback on AFROSAI-E's updated IT audit manual. The discussions were followed by a 5-day training workshop on Enterprise Resource Planning Software, with a focus on the use of Computer Assisted Audit Techniques (CAATs) and an Audit Management System for data extraction and data analysis. The program was attended by 35 participants and 5 facilitators.

### **ISSAI Implementation Initiative (3i) Program**

The first phase of the 3i Program, launched by IDI and financed by the World Bank, runs from 2012 to 2014 in the English-speaking regions of INTOSAI. This program focuses on SAIs in developing countries and is being carried out in partnership with the INTOSAI Professional Standards Committee and its subcommittees, the INTOSAI Capacity Building Committee, and relevant INTOSAI regions. The 3i Program supports implementation of ISSAIs for financial, performance, and compliance audit at levels 2 and level 4 of the ISSAI framework.

#### **3i Management Workshops**

Two management workshops for the 3i Program were conducted February 27–March 1, 2013, in Cambodia and March 11–13, 2013, in Bosnia and Herzegovina for eligible SAIs belonging to ASOSAI and EUROSAI, respectively. The workshops were attended by top management of 20 SAIs from ASOSAI and 9 SAIs and 2 subnational audit offices from EUROSAI. These workshops promoted ISSAI awareness in the regional SAIs, shared experiences on strategic issues related to ISSAI implementation, and provided exposure to ISSAI Compliance Assessment Tools (iCAT). iCATs have been developed to support SAIs in understanding ISSAI requirements at levels 2 and 4 of the ISSAI framework, mapping SAIs' current situation to the requirements, and identifying mechanisms by which the SAIs can meet the requirements or reasons they cannot meet the requirements. Each attending SAI from ASOSAI and eight SAIs from EUROSAI signed a statement of commitment to implement the ISSAIs.

## **IDI UPDATE**





Delegates at the March 2013 IDI-EUROSAI 3i Management Workshop in Sarajevo.

### Product Development Meeting for *ISSAI Implementation Handbook—Performance Audit*

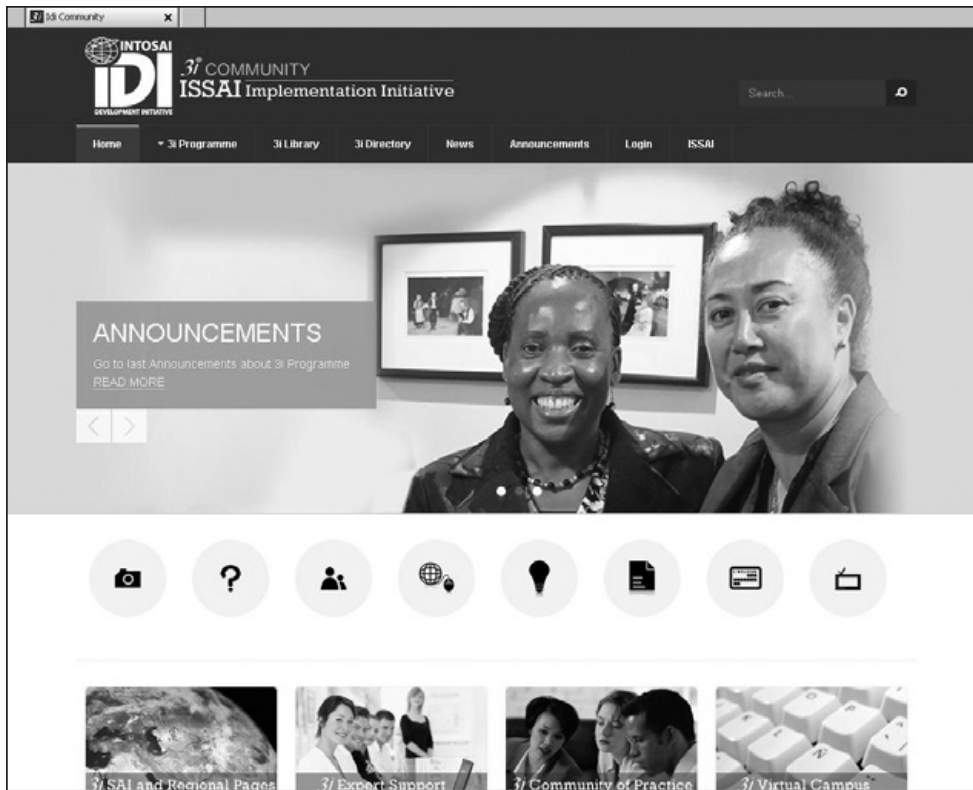
A team of experts and mentors met in Bhutan April 8–26, 2013, to develop the *ISSAI Implementation Handbook—Performance Audit* and the courseware for an e-course on implementing performance audit ISSAIs.

### Design Meeting for Workshop on Facilitating ISSAI Implementation

Eight IDI training specialists met in Bhutan April 15–23, 2013, to develop courseware for a 6-day workshop on Facilitating ISSAI Implementation. The workshop will train future ISSAI facilitators in three key roles: advocacy, project management, and face-to-face and e-facilitation for ISSAI implementation. These workshops are expected to take place during the latter part of 2013 and early 2014.

### 3i Community Portal

A 3i Community Portal has been launched as part of the 3i Program to provide for wider outreach in the INTOSAI community. It aims to create communities of practice for ISSAI implementation by providing a platform for knowledge creation, knowledge sharing, interaction, and support related to ISSAI implementation. It is available at <http://www.idicommunity.org/3i/>.



Screenshot of the 3i Community Portal

### IDI/CREFIAP Strategic Planning Program

Since 2005, IDI's Strategic Planning Program has been conducted in conjunction with its Capacity Building Needs Assessment Program to develop the capacity of SAIs to formulate their strategic plans.

A Strategic Planning Review Meeting and an Operational Planning Workshop were held in Morocco March 18–21, 2013, as the last component of the Strategic Planning Program for CREFIAP. The strategic plans developed by the participating SAIs were reviewed during the meeting. Participants were also trained on developing operational plans for their SAIs in accordance with the IDI strategic planning handbook.

### Contacting IDI

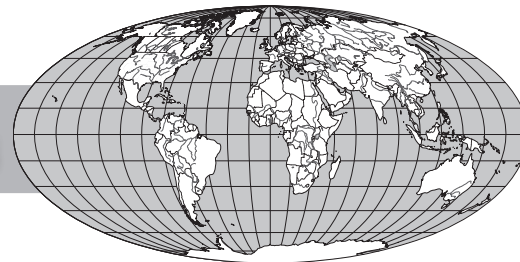
To discuss any of the issues raised in this edition of the IDI Update, please contact IDI:

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

Website: <http://www.idi.no>



# INTOSAI 2013-2014 Events



<p><b>July</b></p> <p>2 Meeting of the Task Force on SAI's Information Database, Lima, Peru.</p> <p>3-5 Meeting of the Working Group on the Value and Benefits of SAIs, Lima, Peru</p> <p>8-12 IDI/OLACEFS Workshop on SAI Performance Management Framework, Lima, Peru</p>	<p><b>August</b></p>	<p><b>September</b></p> <p>9 PASAI Governing Board meeting, Guam</p> <p>9-10 Meeting of the Steering Committee, Committee on Knowledge Sharing and Knowledge Services, Cairo, Egypt</p> <p>10-13 PASAI Congress, Guam</p> <p>18-19 Meeting of the Compliance Audit Subcommittee, Brasilia, Brazil</p> <p>26-28 ASOSAI-EUROSAI Conference, Moscow, Russian Federation</p>
<p><b>October</b></p> <p>18-19 Meeting of the Steering Committee, INTOSAI-Donor Cooperation, Beijing, China</p> <p>21 64th INTOSAI Governing Board meeting, Beijing, China</p> <p>21-26 INCOSAI XXI, Beijing, China</p> <p>26 65th INTOSAI Governing Board meeting, Beijing, China</p>	<p><b>November</b></p>	<p><b>December</b></p>
<p><b>January</b></p>	<p><b>February</b></p>	<p><b>March</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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