



# INTERNATIONAL JOURNAL

— OF GOVERNMENT AUDITING —

*Visit us online:* [intosaijournal.org](http://intosaijournal.org)

*Like us on facebook:* [facebook.com/intosaijournal](https://facebook.com/intosaijournal)

*Follow us on twitter:* [twitter.com/intosaijournal](https://twitter.com/intosaijournal)

*Follow us on instagram:* [instagram.com/intosaijournal](https://instagram.com/intosaijournal)



# INTERNATIONAL JOURNAL

— OF GOVERNMENT AUDITING —



## Board of Editors

Margit Kraker, *President, Rechnungshof, Austria*

Michael Ferguson, *Auditor General, Canada*

N. Noureddine Zaouali, *Vice Premier President, Cour des Comptes, Tunisia*

Gene L. Dodaro, *Comptroller General, United States of America*

Manuel E. Galindo Ballesteros, *Comptroller General, Venezuela*

## President

James-Christian Blockwood (U.S.A.)

## Vice President

Vacant

## Editor

Heather Santos (U.S.A.)

## Creative and Editorial Team

Juanita Aiken (U.S.A.)

Darreisha Bates (U.S.A.)

Kristie Conserve (U.S.A.)

Mike Hix (U.S.A.)

Janice Smith (U.S.A.)

## Administration

Peter Knopes (U.S.A.)

## Associate Editors

AFROSAI Secretariat

ARABOSAI Secretariat

ASOSAI Secretariat

CAROSAI Secretariat

EUROSAI Secretariat

OLACEFS Secretariat

PASAI Secretariat

INTOSAI General Secretariat

Office of the Auditor General, Canada

Office of the Auditor General, Tunisia

Office of the Auditor General, Venezuela

U.S. Government Accountability Office

# INTERNATIONAL JOURNAL

OF GOVERNMENT AUDITING

Summer 2017

Vol. 44, No. 3

The *International Journal of Government Auditing* is published quarterly in Arabic, English, French, German and Spanish on behalf of INTOSAI (International Organization of Supreme Audit Institutions). The *Journal*, which is an official organ of INTOSAI, is dedicated to the advancement of government auditing procedures and techniques. Opinions and beliefs expressed are those of individual contributors and do not necessarily reflect the views or policies of the organization.

The editors invite submissions of articles, special reports, and news items, which should be sent to the editorial offices at:

U.S. Government Accountability Office  
441 G Street, NW, Room 7814  
Washington, D.C. 20548  
U.S.A.

(Phone: 202-512-4707; Fax: 202-512-4021; E-mail:  
[intosaijournal@gao.gov](mailto:intosaijournal@gao.gov))

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. Submission guidelines are located at <http://www.intosaijournal.org/aboutus/aboutus.html>

The *Journal* is distributed electronically to INTOSAI members and other interested parties at no cost. It is also available electronically at [www.intosaijournal.org](http://www.intosaijournal.org) or [www.intosai.org](http://www.intosai.org) and by contacting the Journal at [intosaijournal@gao.gov](mailto:intosaijournal@gao.gov).

# THIS ISSUE

4 Editorial

6 News in Brief

23 Feature Stories

*Capitalizing on International Auditing Standards*

*Approaching Performance Auditing: An Underrated Option*

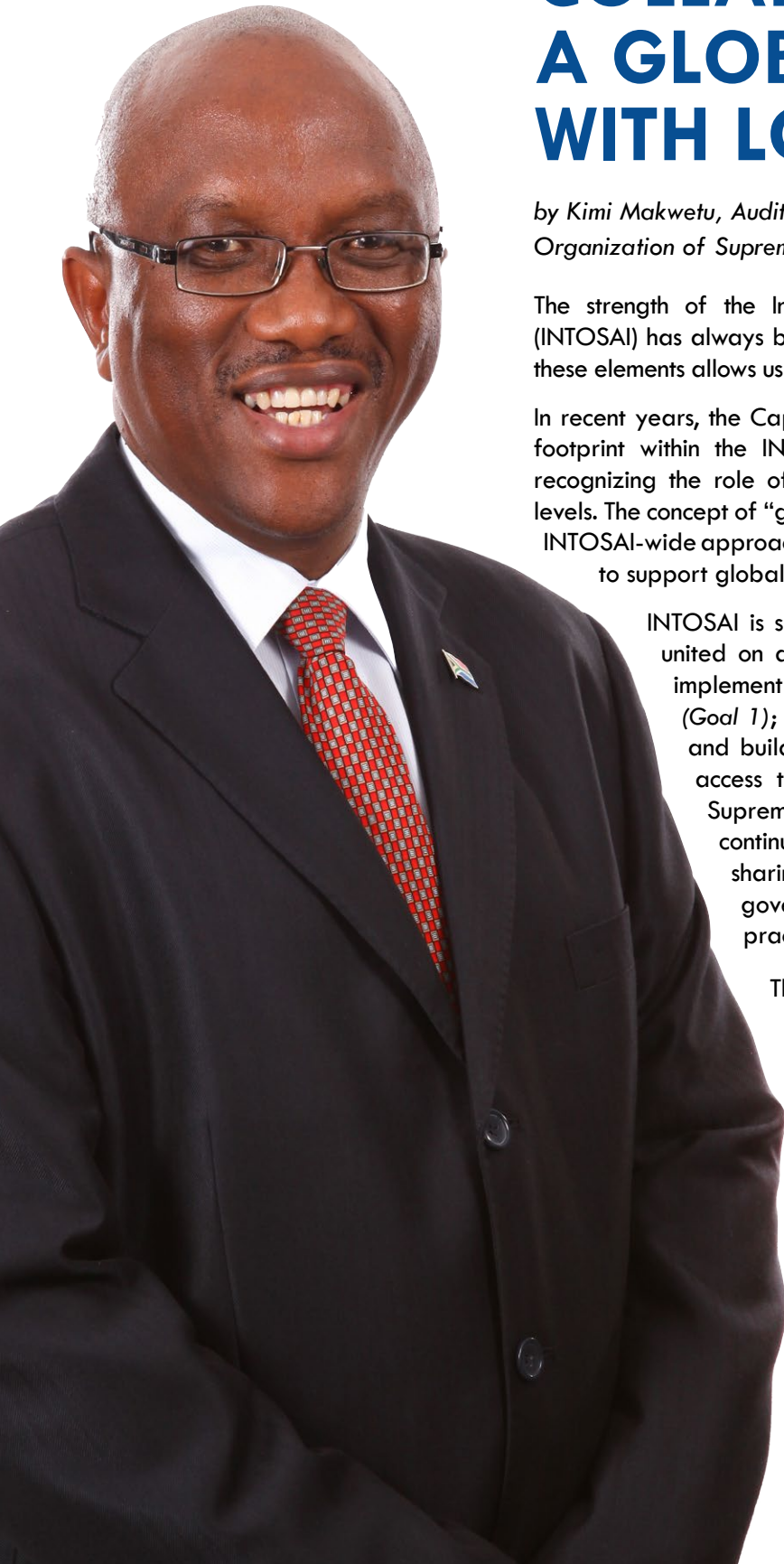
28 Inside INTOSAI

39 IDI Update

42 INTOSAI-Donor Cooperation Update

45 Spotlight on Capacity Building

47 INTOSAI Calendar



# COLLABORATING FOR A GLOBAL PROFESSION WITH LOCAL SOLUTIONS

by Kimi Makwetu, Auditor General of South Africa and Chair of the International Organization of Supreme Audit Institution's Capacity Building Committee

The strength of the International Organization of Supreme Audit Institutions (INTOSAI) has always been a result of its unity and diversity. Leveraging both of these elements allows us to truly succeed in a global profession using local solutions.

In recent years, the Capacity Building Committee (CBC) established a successful footprint within the INTOSAI community by demonstrating a strategic focus, recognizing the role of all key stakeholders and fostering cooperation at all levels. The concept of “global profession, local solutions” has gained support as an INTOSAI-wide approach to develop capacity, reflecting the level of preparedness to support global standards while acknowledging local conditions.

INTOSAI is such a powerful organization, primarily because we are united on a global scale, and together we strive to: develop and implement the highest quality standards in public sector auditing (*Goal 1*); mobilize resources and capacity development expertise and build partnerships to ensure so every INTOSAI member has access to capacity development solutions (*Goal 2*); encourage Supreme Audit Institution (SAI) cooperation, collaboration and continuous improvement via knowledge development, knowledge sharing and knowledge services (*Goal 3*); and organize and govern INTOSAI in ways that promote the best possible work practices, decision-making and effective governance (*Goal 4*).

These strategic focus areas also form the cornerstone of INTOSAI's relevance as a global player, recognized by the United Nations on more than one occasion.

Locally and regionally, our strength stems from our regional organizations and individual member SAIs, as they see to it that our professional standards, capacity development tools and our knowledge sharing mechanisms are tailored to meet regional, individual needs and unique circumstances.

During the last three-and-a-half years that I have been privileged to chair the CBC, I have become acutely aware of how INTOSAI is at its best when its various organs act together, each with its specific and distinctive function cooperating in the interest of the body that is INTOSAI, thereby benefiting each and every individual member. Allow me to share a few examples.

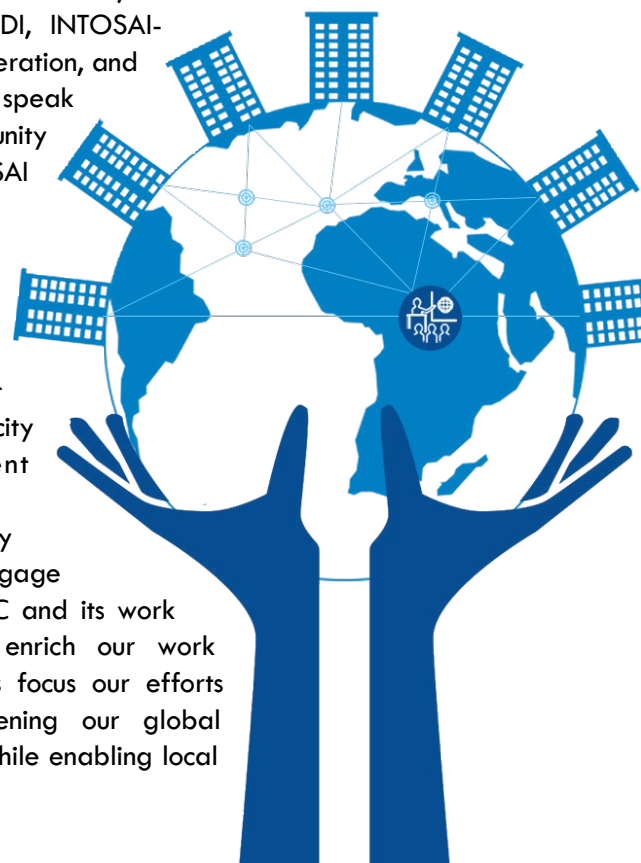
- The process resulting in INTOSAI's Strategic Plan 2017-22 was an exercise where we witnessed how rich and varied inputs derived from our different experiences and strategic insight were tested and distilled, enabling us to produce a plan with fresh innovations and a refined vision leading INTOSAI into the future with focus and confidence.
- Intensified collaboration among the Professional Standards, Capacity Building and Knowledge Sharing committees has resulted in a greater understanding and support for our mandates and respective implementation challenges, adding relevance to our outputs. The successful establishment of the Forum for INTOSAI Professional Pronouncements (and the progress the forum has already made) is a direct result of the Goal Chairs' group effort.
- One CBC objective is strengthening INTOSAI's structured professional development, and the completion of the inaugural Competency Framework for Public Sector Audit Professionals has helped achieve this goal. The competency framework, a prime illustration that a "global profession with local solutions" is achievable, was born from the Goal Chair alliance boosted by the INTOSAI Development Initiative's (IDI) valuable knowledge on divergent INTOSAI regional needs.
- The newly established CBC Task Force on INTOSAI Auditor Professionalization has brought together members from across INTOSAI who, together, will advise INTOSAI on required mechanisms to further facilitate and structure professional development. This is a critical joint endeavor, as our success as SAs depends on staff professional capability. SAs face challenging work along with high stakeholder expectations, so we must have public sector audit professionals who are capable of adding maximum value by applying a combination of the right knowledge, competence and skills to produce high-quality work.
- The SAI Performance Measurement Framework (SAI PMF) demonstrates how numerous stakeholders within INTOSAI, and the donor community among others joined efforts on a six-year journey to develop and pilot a template widely recognized as an excellent tool for holistic, evidence-based SAI performance measurement. Completing an appropriate SAI PMF implementation strategy in time for the XXII Congress was made possible by contributions from all INTOSAI organs, regional organizations and donor partners. Implementation is already well under way due to INTOSAI regional support along with a growing network of assessors and resource persons from the IDI and peer SAs.

There are also several examples within the CBC on collaborative efforts that have led to success:

- The Peer Review subcommittee has enabled over 90 peer reviews from 64 SAs since 1999 and has produced enhanced guidelines by pulling together member resources, ensuring future peer reviews benefit from lessons learned over the last 17 years.
- Cooperative audits have really taken off as a way to achieve more meaningful audit results as different SAs jointly pursue similar audit objectives. This cooperation has resulted in valuable findings and recommendations on themes of mutual interest, such as the environment, governance, social programs, taxation, transportation, construction and infrastructure—all in the interest of a better governed world.
- The CBC's Regional Forum on Capacity Development, continues to provide a platform to address issues using case studies on professionalism, which demonstrates how combining forces in the interest of SAI development strengthens other public sector institutions (on which good financial governance is dependent).

The CBC looks forward to continue leading INTOSAI's efforts under Goal 2, working closely with the other goal chairs, regional organizations, the General Secretariat, IDI, INTOSAI-Donor Cooperation, and others to speak and act in unity to develop SAI capacity.

As we seek to ensure all member SAs benefit from capacity development initiatives, I invite every SAI to engage with the CBC and its work streams to enrich our work and help us focus our efforts on strengthening our global profession while enabling local solutions.



# NEWS FROM SAIs AROUND THE WORLD

## News from Ecuador

### REPUBLIC OF ECUADOR COMPTROLLER GENERAL REAPPOINTED

The National Assembly of Ecuador appointed Dr. Carlos Pólit Faggioni as the Comptroller General of the State for a period of 5 years on March 15th, 2017.

In accordance with national regulations, prior to his formal appointment, the Council for Citizen Participation and Social Control officially ratified Dr. Pólit as the head of Ecuador's Supreme Audit Institution (SAI).

Ratification came after the Citizens Selection Commission report approval and contest of merits and opposition results, in which Dr. Pólit achieved a score of 95 out of 100, the highest score among 14 candidates.

At a press conference immediately following the official ceremony, Dr. Pólit reaffirmed his commitment to maintain ethical and professional performance. He highlighted several institutional development aspects achieved in the last 10 years, such as constant regulations improvement, infrastructure modernization, public servant training and the implementation of new technological tools.

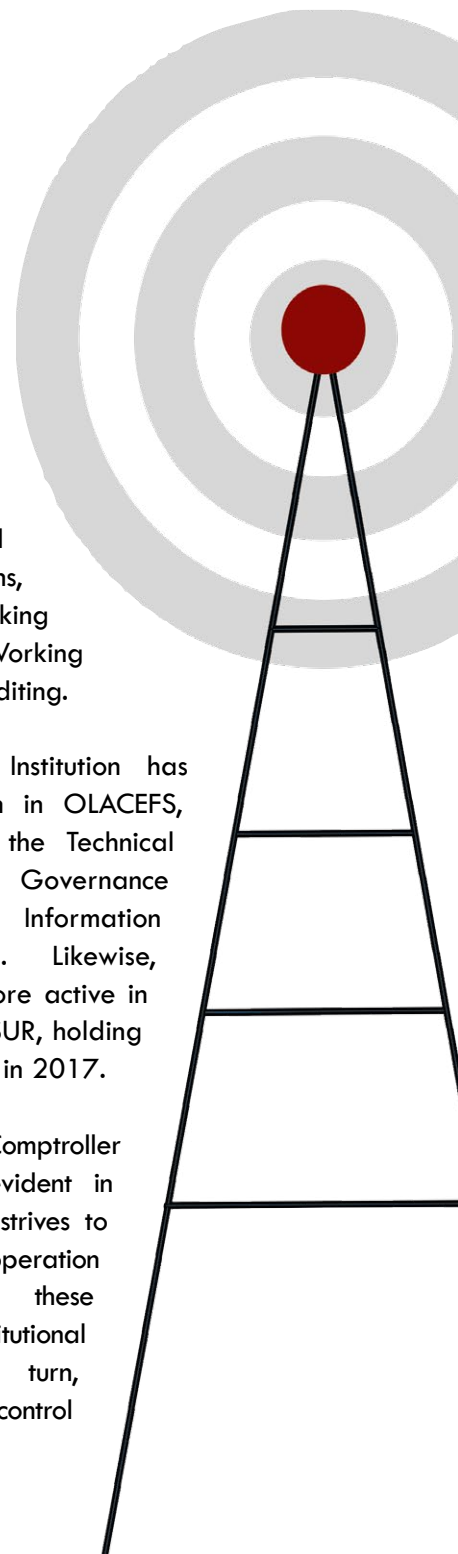
All of these achievements, Dr. Pólit said, were aimed at strengthening audit work.

He also underlined important accomplishments obtained through collaboration with several international organizations, including the International Organization of Supreme Audit Institutions (INTOSAI), Organization of Latin American and Caribbean Supreme Audit Institutions (OLACEFS), Organization of American States (OAS) and Organization of Supreme Audit Institutions of Mercosur and Associate Countries (EFSUR).

Dr. Pólit has continuously placed great relevance on international relations among SAIs, which is one reason why, last year, the Office of the Comptroller General of Ecuador subscribed to the Paris Declaration; and joined several groups, including the Forum of Jurisdictional Supreme Audit Institutions, as well as INTOSAI's Working Group on Big Data and Working Group on Environmental Auditing.

The Ecuadorian Control Institution has increased its participation in OLACEFS, becoming a member of the Technical Commission on Good Governance and Communication and Information Technologies Commission. Likewise, Ecuador's SAI has been more active in the sub regional group EFSUR, holding its Pro-Tempore Presidency in 2017.

Dr. Pólit's commitment as the Comptroller General of Ecuador is evident in actions taken to date. He strives to seek new international cooperation opportunities, recognizing these affiliations will enhance institutional capacities, which will, in turn, contribute to governmental control improvement.



## News from Sweden



### SWEDISH PARLIAMENT ELECTS NEW AUDITORS GENERAL

The Riksdag (Swedish Parliament) elected three new Auditors General (AG) February 15, 2017.

The new AGs, who took office March 15, 2017, are (pictured above from left to right) Mr. Ingvar Mattson, Mr. Stefan Lundgren and Ms. Helena Lindberg.

The AGs are appointed for a single 7-year term to the Swedish National Audit Office (NAO) and are expected to remain in the position until the term's end.

Together, the AGs decide on how the audit areas shall be divided between them; however, each AG then determines the audits to be carried out, the process to be utilized and what conclusions are to be drawn within the individual AG's field of responsibility.

The independence of the three Auditors General is protected by the constitution.

The Riksdag also appoints one of the three AGs to hold administrative responsibility for the Swedish NAO's activities. This position bears the additional responsibilities associated with organizational structure and delegation, proposed application for the annual grant and decisions regarding the Swedish NAO's Annual Report.

#### ABOUT THE AUDITORS GENERAL

##### **Stefan Lundgren**

In addition to the audit activities and holding the administrative responsibility of the organization, Stefan Lundgren represents the Swedish National Audit Office in the area of international cooperation, such as EU, EUROSAI, GALF and INTOSAI. He is an associate professor in Economics, and has held several research assignments at, among others, the Stockholm School of Economics. Stefan Lundgren has been the Head of the Financial Department at the Ministry of Finance; Managing Director of the Center for Business and Policy Studies; and Director General of the Authority Statistics Sweden (SCB) from 2009-2017.



##### **Helena Lindberg**

Helena Lindberg represents the Swedish National Audit Office in international development cooperation, as well as in audit activities. She is an attorney and has previously held several senior positions in the Judiciary, Government Offices and Security Service. Helena Lindberg has been Director General of the Swedish Crisis Agency and was Chair of the Committee that established the formation of The Swedish Civil Protection and Emergency Agency (MSB) in 2009, where she served as the Director General until 2017.



##### **Ingvar Mattson**

Ingvar Mattson holds a PhD in Political Science and has held various positions within the Swedish Riksdag (Parliament), including Deputy and Acting Secretary of the Constitutional Committee, as well as Head of the Finance Committee. Ingvar Mattson was the Director General of The Swedish Agency for Public Management between 2014 and 2017.





## News from Ghana

### REPUBLIC OF GHANA APPOINTS NEW AUDITOR GENERAL



Mr. Daniel Yaw Domelevo has been appointed as Auditor General for the Republic of Ghana and the head of Ghana's Supreme Audit Institution (SAI).

Mr. Domelevo's expertise in Public Financial Management (PFM) includes a proven track record serving in several senior staff roles for the Controller and Accountant General's Department (CAGD) of the Ministry of Finance and Economic Planning of Ghana for 18 years.

Prior to his appointment, Mr. Domelevo also held numerous high-level positions that include Senior Financial Management Specialist with the World Bank responsible for the PFM project in Zimbabwe and Malawi, as well as Chief Accountant for the Ghana Film Industry Corporation (now TV3).

As a professional accountant, he has been a member of the Institute of Chartered Accountants (Ghana) since 1992 and holds an Executive Master's degree in Business Administration (Finance) from the Business School of the University of Ghana.

Mr. Domelevo succeeded Mr. Richard Quartei Quartey, who retired after 7 years of service (2009-2016).

### REPUBLIC OF GHANA AUDITOR GENERAL TO ENFORCE POWER OF SURCHARGE, DISALLOWANCE

At a staff event in Accra, Ghana, Mr. Domelevo, indicated his commitment to enforcing the constitutional powers of surcharge and disallowance vested in him.

"If there is any legacy to leave behind at the end of my tenure, it will be to activate the AG's power of surcharge and disallowance to protect the public purse," Mr. Domelevo affirmed, and, he emphasized, "it is my utmost desire to defend the Constitution of Ghana and the national interest."



Mr. Domelevo said management would soon issue implementation guidelines enabling staff to gather sufficient and reliable evidence to enforce the constitutional provision associated with the AG's power of surcharge and disallowance as provided by the 1992 Constitution of the Republic of Ghana.

## News from Portugal



### NEW PRESIDENT OF PORTUGUESE COURT OF AUDITORS

Vítor Caldeira was appointed President of Tribunal de Contas of Portugal October 2016 by decree of the President of the Portuguese Republic. Mr. Caldeira, who served as the Portuguese member of the European Court of Auditors (ECA) since March 2000, held the position of President of the ECA since 2008, following his election for three consecutive terms.

As ECA President, he was responsible for overseeing the institution's work, including establishing and cultivating relations European Union institutions, as well as Supreme Audit Institutions (SAIs) and other international audit organizations. During his tenure, Mr. Caldeira promoted and managed the Court's structural reform and decision-making process, introducing a system of chambers designed to optimize the Court's management and served as a member of the European Organization of Supreme Audit Institutions (EUROSAI) Governing Board.

He holds a degree in Law from the University of Lisbon and a postgraduate degree in European Studies from the European Institute of the Faculty of Law at the Classical University of Lisbon.



### ORGANIZATION OF SUPREME AUDIT INSTITUTIONS FROM PORTUGUESE SPEAKING COUNTRIES HOSTS SUSTAINABILITY SEMINAR

The Organization of Supreme Audit Institutions (SAIs) from Portuguese Speaking Countries (OISC/CPLP) will host a seminar on "The Role of Court of Auditors Related to the 2030 Agenda on Sustainable Development Goals (SDGs)." in Funchal-Madeira, Portugal, September 15, 2017.

The seminar, scheduled to take place in Funchal-Madeira, Portugal, September 15, 2017, was developed following the Abu Dhabi Declaration endorsed at the XXII INCOSAI, in Abu Dhabi, United Arab Emirates.

The seminar recognizes the importance of SDGs taking into account the OISC/CPLP strategic plan and an upcoming coordinated OISC/CPLP audit focusing on the 17 SDGs.

OISC/CPLP member SAIs are:

- Angola
- Brazil
- Cape Verde
- Guinea-Bissau
- Mozambique
- Portugal
- São Tomé and Príncipe
- Timor and Macau

## News from Nepal



### NEW AUDITOR GENERAL APPOINTED TO SAI NEPAL

The Honorable Mr. Tanka Mani Sharma Dangal was appointed as Auditor General of Nepal May 22, 2017. Prior to his appointment, Mr. Sharma held positions as Secretary at the office of the Prime Minister and Council of Ministers, General Administration and Public Procurement Monitoring Office, in addition to serving as Director General for several departments, including Inland Revenue; Custom; and Revenue Investigation. His education includes a Master's in Business Administration (MBA).

Mr. Sharma and his team aspire to improve the Supreme Audit Institution's (SAI) integrity; build effective stakeholder relationships (locally, regionally and internationally); strengthen cooperation with other SAIs; and promote national transparency and good governance.

## News from Estonia



### ESTONIA, FINLAND SHARE EXPERIENCE IN (AND ON) MANY FIELDS

A delegation from the National Audit Office of Estonia (NAOE) visited the National Audit Office of Finland (NAOF) June 2, 2017, to share experience and practices on various auditing fields, including the football field!

Three parallel expert sessions were held: (1) Analytics and Auditing: Exchange of Experiences About Methods Applied in Audits; (2) Exchange of NAOE and NAOF Experiences in IT Auditing; and (3) Auditing Sustainable Development Goals: NAOE and NAOF Approach and Plans.

A fourth expert session was held at the day's conclusion on a nearby football field where the Estonian delegation (outfitted in white) and Finnish team (dressed in yellow) exchanged friendly handshakes followed by an equally amiable, yet deceptively competitive, football game.

The match, kicked off by Estonia's Auditor General (AG), Dr. Alar Karis, got underway with an unsettlingly strong start by the Finland crew, led by Ms. Tytti Yli-Viikari, the SAI's AG. Finland scored four goals in a row in the first half, yet the Estonians, backed by an enthusiastic cheering section, did not surrender. Estonia dug in their heels, strengthened their defense and went into halftime just one goal behind at 4-3.

The second half was a nail biter as the two teams continued to battle it out. By the end of the match, the trophy went to Estonia who outscored Finland 7-5. Estonia's win was a first since the trophy's establishment in 2007, and the current record stands 3 to 1 in Finland's favor. The next match is scheduled to take place in Tallinn, Estonia.

## News from Indonesia



*Dr. Harry Azhar Azis (pictured left) addresses seminar participants.*

*Pictured right (from l to r):  
Mr. Karma Tenzin,  
Mr. Iswar Nepal,  
Mr. Novy G. A. Pelenkahu,  
Mr. R. Yudi Ramdan Budiman.*



### SAI INDONESIA HOSTS PERFORMANCE MEASUREMENT FRAMEWORK SEMINAR

The Audit Board of the Republic of Indonesia (BPK) organized a Supreme Audit Institution (SAI) Performance Measurement Framework (PMF) seminar earlier this year in Bali, Indonesia, to increase awareness about SAI PMF as a useful tool for SAIs within the Asian region.

The SAI PMF is an international framework for self, peer or external assessment of a SAI's performance against the International Standards of Supreme Audit Institutions (ISSAIs) and other established international good practices that enable the SAI to confidently engage internally and externally regarding its future.

Dr. Harry Azhar Azis, BPK Chairman, opened the seminar titled, "Enhancing Professionalization through Optimizing SAI Performance Measurement Framework: The Experience of SAIs in the Asian Region," designed to:

1. Provide participants with a general understanding of SAI PMF implementation;
2. Offer an overarching picture based on previous SAI experience; and
3. Identify SAI needs and potential initiatives, which could, in turn, lead to proposals for future Asian Organization of Supreme Audit Institutions (ASOSAI) initiatives.

Mr. R. Yudi Ramdan Budiman, BPK's Head of Public Relations and International Cooperation Bureau, moderated the event, which included three prominent speakers representing the INTOSAI Development Initiative (IDI), SAI Nepal and BPK.

IDI spearheaded the SAI PMF piloting, and in his speech to attendees, Mr. Karma Tenzin, IDI's Manager of Capacity Development, explained the benefits SAIs can attain in using SAI PMF. Tenzin also touched on the important role that heads of SAIs play in SAI PMF implementation.

Mr. Iswar Nepal, Deputy Auditor General, Office of the Auditor General of Nepal, echoed Tenzin's sentiments by sharing his personal experience on SAI PMF implementation and the improvements his organization gained from executing SAI PMF in the past.

Mr. Novy G. A. Pelenkahu, a senior expert with BPK, capped off the seminar by presenting a comparison between SAI PMF and BPK Key Performance Indicators. Based on the data, Pelenkahu concluded that BPK, too, could apply SAI PMF, particularly due to SAI PMF's alignment with current organizational performance tools.

For more information, email [international@bpk.go.id](mailto:international@bpk.go.id) or visit BPK's website at [www.bpk.go.id](http://www.bpk.go.id).

## News from the Philippines

### REPUBLIC OF THE PHILIPPINES COMMISSION ON AUDIT FEATURES SUSTAINABLE DEVELOPMENT GOALS DURING WOMEN'S MONTH CELEBRATIONS

The Republic of the Philippines Commission on Audit (COA) celebrated its national women's month earlier this year by hosting an event centered on the efforts of the Philippine Statistical System on Gender Statistics, along with a presentation on the Sustainable Development Goals (SDGs), and the eventual audit plan for Philippine programs under the SDG road map.



Assistant National Statistician Wilma A. Guillen of the Philippine Statistics Authority presents PSA efforts on gender statistics and the Sustainable Development Goals.

Formally adopted by the United Nations (UN) in September 2015, the SDGs are a result of a consultation process among UN member states, civil society and other stakeholders. The SDGs are composed of 17 goals, 169 unique targets and 230 indicators that focus on economic growth, social inclusion and environmental protection. The Philippines is one of 193 UN-member states who committed to the SDGs in an effort to end extreme poverty, fight inequality and injustice, and fix climate change in a 15-year time frame.

Ms. Wilma A. Guillen, Assistant National Statistician for the Philippine Statistics Authority (PSA), noted member states will develop indicators at regional, national and sub-national levels to complement the global indicators. Ms. Guillen suggested that possible indicators COA can provide include the proportion of total government spending on essential services (education, health and social protection) under Goal 1 (No Poverty), as well as the proportion of countries with systems to track and make public allocations for gender equality and women's empowerment under Goal 5 (Gender Equality).



Assistant Commissioner Lourdes M. Castillo, the Commission on Audit Gender and Development Focal Point System Technical Working Group Chairperson, stresses the importance of statistics in enhancing audit work.

Ms. Guillen also shared PSA efforts to improve the availability of relevant, timely, disaggregated and better quality statistics, such as (1) a pilot survey recently conducted on Evidence and Data on Gender Equality (EDGE) aimed at measuring assets and ownership from a gender perspective and (2) development of a methodology for generating a multi-dimensional poverty index.

COA officials emphasized the importance of increasing auditors' understanding and appreciation of Gender and Development (GAD) data for use in the audit of GAD funds along with the need to invest in statistics to enhance audit services.

Mr. Michael G. Aguinaldo, COA Chairperson, noted, "Our own GAD Focal Point System has been working tirelessly in implementing GAD programs and projects in the Commission. I am proud to say that women in COA are not only the beneficiaries of GAD programs and projects but are also drivers of change as leaders in the Commission."

COA Commissioners Jose A. Fabia and Isabel D. Agito recognized organizational efforts to create successful changes for all genders and vowed to provide continued support to GAD-related programs.

"Being the sole female member of the Commission Proper," affirmed Ms. Agito, "I assure everyone that I will do my best to be conscientious in bringing GAD-related concerns to the Commission's policies."

## News from Cyprus



*Attendees at the cooperative audit kick-off meeting in Nicosia, Cyprus.*

### REPUBLIC OF CYPRUS AUDIT OFFICE ANNOUNCES LAUNCH OF COOPERATIVE AUDIT ON MARINE PROTECTED AREAS

The Audit Office of the Republic of Cyprus hosted a kick-off meeting in Nicosia, Cyprus, to launch a cooperative audit on marine protected areas in the region.

The cooperative audit aims to identify and evaluate actions taken by governments of Mediterranean countries and Portugal to protect marine biodiversity through the designation and proper management of marine protected areas, as well as provide common conclusions and recommendations.

Members of the European Organization of Supreme Audit Institutions (EUROSAI) Working Group on Environmental Auditing will perform the audit, which is co-led by the Supreme Audit Institutions (SAIs) of Cyprus and Malta. The SAIs of Albania, Greece and Portugal will participate, along with joint report contributions from the SAI of Slovenia.

During the initial meeting, discussions centered on audit scope, audit questions and criteria to be used, as well as a time frame and milestones for audit completion.

To collect and assess comparable information on national governments' actions, the partner SAIs have agreed on a common framework of audit issues and corresponding audit questions to be addressed in the national audits. The SAIs identified five major topics to assess governments' actions regarding marine biodiversity protection: national strategies, designation of marine protected areas, design of management plans, implementation and monitoring and feedback.

Participating SAIs are currently performing national audits, which are expected to conclude by the end of 2017. According to the agreed time frame, the joint report should be issued early in 2018.

## News from Germany



*Mr. Kay Scheller, President, SAI Germany, holding the spring report.*

### THE BUNDESRECHNUNGSHOF ISSUES IMPACTFUL SPRING REPORT

The German Supreme Audit Institution (SAI) published its spring report in April 2017, which complements the major annual report published each fall. This year's spring report encompasses more than 50 audit findings from various branches of federal government departments, such as taxes, environmental issues, defense, road works, railway construction and information technology.

The report includes some controversial cases where the audited bodies have not accepted the SAI's findings or recommendations. These will be deliberated upon in Parliament prior to summer recess, thus providing a timely basis to grant discharge to the Government.

"This reporting format helps address undesirable developments and inefficiencies in the federal public sector more rapidly," said Mr. Kay Scheller, President of the German SAI.

The German SAI noted specific findings where challenges existed, particularly in the fields of taxes, environmental protection and defense.

One issue in the field of taxes is the cross-border sale of new vehicles, where systematic Value Added Tax (VAT) fraud occurs. Falsifying records of new vehicle cross-border sales to private buyers (when none had been made) led to a systematic circumvention of the applicable internal market control procedure. In one fraud case, tax damage exceeded €3 million.

In the field of environmental protection, the sponsoring government department has, thus far, inadequately supervised the construction of a final repository for low- and medium-level radioactive waste, although the project is unique and of high political and financial importance. This is one reason the final repository is now expected to be completed nine years later than scheduled (2022) and to cost nearly twice as much as originally estimated (current estimate: €3.4 billion). Though, in the future, a

new company owned by the Federal Government will be responsible for the final repository, accountability still lies with the Ministry for Environment. The SAI urges that the new company's rights and duties be clearly stipulated by contract and construction progress be closely supervised.

Regarding Defense, the SAI found that the armed forces set up career centers without performing a reliable pre-study on needs and are planning to reform the centers, once again, without sound analytical preparation. The centers' tasks include soldier recruitment, which is a central strategic function. With the Defense Ministry planning to increase soldiers to nearly 200,000 (approximately 8 percent) by 2024, the Armed Forces will need well-functioning career centers. This requires a sound organizational study, and the Ministry should discontinue the restructuring process until an assessment of what the centers are to achieve, along with how much and what kind of staff they will need for that purpose. Failing this, the restructuring process may become an impediment to accomplishing the Armed Forces strategic human resources targets.

Case examples in the field of road construction highlight weaknesses in the current system for planning, building and operating federal long-distance roads. While the Federal Government has overall responsibility, the German states are in charge of road plans, construction and operations, and they often act more in self-interest rather than in the interest of a consistent, national long-distance road strategy. Issues addressed include the costs to rehabilitate state roads, maintain bridges, inspect roads, and construct bicycle lanes. In these cases, the Federal Government was charged costs to be borne by the states, and Federal Government claims for refunds are pending.

These cases underline the importance of centralizing all responsibilities associated with the management of long-distance roads at the federal government level to ensure efficient and targeted use of budget funds and to plan and build federal long-distance roads across inner-German state boundaries.

Mr. Scheller reiterated his opinion on the matter, emphasizing that the federal government's current plans to reorganize the construction and management of long-distance roads present a number of risks, some of them grave. There is the risk that effectively centralizing responsibilities at the federal government level may prove futile due to a parliamentary loss of control, inadequate steering for the ministry and German SAI loss of audit access.

---

*“This reporting format helps address undesirable developments and inefficiencies in the federal public sector more rapidly.”*

—Mr. Kay Scheller, President, SAI Germany

---

While the restructuring exercise is to exclude a privatization of motorways, draft legislation is rather ambiguous, thus leaving room for various privatization options. This implies considerable risks. Private sector partial networks may emerge that are outside the direct control of federal administration and parliament. Motorway quality, service levels and funding would no longer be subject to parliamentary oversight. It is

not yet clear whether the company to be established is to have borrowing powers. If so, road construction would become more costly, because the federal government can generally borrow on more favorable terms than private sector entities. There would also be the risk of shifting financial operations to off-budget entities.

Mr. Scheller stressed, “For the sake of the common good and to ensure the provision of vital public services, the government should remain in control of the motorways. Therefore, the draft legislation should be enhanced to close potential loopholes for privatization.”

More information on the spring report is available (both in German and English) [here](#). The report on the management of federal long-distance roads (in German only) is available [here](#).



## News from the Slovak Republic



### SUPREME AUDIT INSTITUTION OF SLOVAKIA HOSTS ISSAI 300 SEMINAR

The Supreme Audit Office (SAO) of the Slovak Republic (SR) organized a seminar on the “Implementation of ISSAI 300—Fundamental Principles of Performance Auditing—Experience and Best Practice” in Bratislava, Slovakia, in April 2017.

Nearly 60 international delegates and 30 national experts attended the two-day event, including representatives from the Slovak Republic’s Ministry of Finance; Matej Bel University (Banská Bystrica, Slovakia); International Organization of Supreme Audit Institutions (INTOSAI); and the INTOSAI Development Initiative.

To broaden its reach, SAO SR broadcast the seminar live via Facebook, providing full event access to those unable to attend in-person.

The seminar included presentations on International Standards of Supreme Audit Institutions (ISSAIs) and discussions the use of ISSAIs in performance auditing,

paying particular attention to sharing knowledge and experiences with ISSAI 300, as well as ISSAIs 3000, 3100 and 3200 (recently endorsed at INCOSAI 2016).

There was a rich exchange of views on how Supreme Audit Institutions (SAIs) can improve audits by using these guidelines that support performance audit implementation and help shape audit work.

Workshops focusing on performance audit case studies, presented by the SAIs of Austria, Bulgaria, Cyprus, Czech Republic, Finland, Ireland, Israel, Poland and Switzerland, were additional event highlights. Participants were divided into four groups—public procurement, education, environment and social policy—where they shared ideas and lessons learned to help identify best practices.

For more information about this event, contact the SAO SR at [info@nku.gov.sk](mailto:info@nku.gov.sk).



## News from Kuwait

- The State Audit Bureau (SAB) of Kuwait amended its organizational structure to include six audit sectors and four new departments: Internal Audit, Reports Follow-up, Quality Assurance and Strategic Planning.
- The SAB acting president led an official delegation to Albania's State Supreme Audit Office in March, resulting in renewing the two Supreme Audit Institutions' (SAI) cooperation agreement and preparing a four-year work plan.
- Capitalizing on the cooperation agreement with the SAI of Estonia, SAB delegates visited the Estonian SAI headquarters to discuss numerous topics, including solid waste recycling, as well as the construction projects environmental audit and tenders pre-audit.
- The SAB contributed to several events and discussions in the first and second quarters of 2017, including the:
  - » Financial Audit and Accounting Subcommittee (FAAS) meeting held in the United Arab Emirates.
  - » 26th International Organization of Supreme Audit Institutions (INTOSAI) Working Group on Information Technology Audit (WGITA).
  - » Panel on Audit Management System (AMS) for Ensuring Capabilities: Challenges, Opportunities and Solutions, hosted in Korea.
  - » EUROSAI Conference (as the Arab Organization of Supreme Audit Institutions (ARABOSAI) representative) in Istanbul, Turkey.
  - » 24th United Nations (UN)/INTOSAI Symposium on "Digitalization, Open Data and Data Mining" in Vienna, Austria.
- The SAB signed new cooperation agreements with the Superior Audit of the Federation, Republic of Mexico; National Audit Office of Estonia; and the Board of Audit and Inspection, Republic of Korea; and joined the INTOSAI Working Groups on Values and Benefits of Supreme Audit Institutions (WGVB), as well as Public Procurement Audit (WGPPA).

## News from the Czech Republic

The Supreme Audit Office (SAO) of the Czech Republic, under the auspices of the Czech Republic Chamber of Deputies of Parliament Committees on Budgetary Control and Environment, hosted an international seminar on "Challenges in the Sustainable Energy Field" on April 27, 2017. The seminar's aim was twofold: to present results on two international SAO projects and open discussion on trends and challenges in the fields of renewable energy, energy savings and sustainable energy field developments. Representatives of the European Court of Auditors (ECA) and the Supreme Audit Institutions (SAIs) of China, the Slovak Republic, Poland and the United States participated actively in the meeting.

The SAO is a member of the INTOSAI Working Group on Environmental Auditing (WGEA), which currently brings together 77 SAIs from around the world. Within this working group, the SAO has garnered a vast amount of experience to share with other SAIs in the environmental arena. In particular, the SAO's focus is on common current issues with other countries.

The first project the SAO spearheaded was "Auditing Sustainable Energy: Guidance for Supreme Audit Institutions,"

where cooperation was established with the SAIs of Australia, Canada, Estonia, Morocco, Norway, Poland and the United Kingdom. The project's outcome included developed guidance on renewable energy resource audits to be used by SAIs during the course of audit work in this field.

Last year, the SAO completed a project on "Energy Savings" that resulted in a study focused on energy savings issues. The study, intended as a manual for audit work in this area, was created through collaboration among the SAIs of China, Norway, the Netherlands, the Slovak Republic and the United States.

The SAO has recently entered into an environmental project centered on "Greening Cities— Sustainable Cities" with its colleagues from the SAIs of China, Indonesia, Morocco, the Philippines, the Slovak Republic and the United States.

The high-level of international cooperation and continuous sharing of knowledge continues to facilitate taking on such challenges as climate change and sustainable development, challenges that not only affect the Czech Republic SAO, but SAIs and nations on a global scale.

## News from Belarus

### BELARUS AND SLOVAKIA SIGN MEMORANDUM ON COOPERATION



The Supreme Audit Institutions (SAIs) of Belarus and Slovakia signed a Memorandum on Cooperation (click slideshow at left) during the Committee of State Control of Belarus' visit to the Slovak Republic. The document was signed by Mr. Vladimir Kukharev, Deputy Chairman of the Committee of State Control of Belarus, and Mr. Karol Mitrik, Head of the Supreme Audit Office (SAO) of Slovakia.

According to the memorandum, the parties agreed to exchange experiences to improve external state control methodologies; cooperate on personnel professional training and development; and conduct joint research projects and control activities. Event highlights included an

agreement between the SAIs to conduct an electronic trading on public procurement parallel audit in 2018, as well as the SAI of Belarus gaining insight into SAO activities.

Close ties between the SAIs of Belarus and Slovakia have been actively developing since 2016, when the SAO delegation participated in the XVI session of the Council of Heads of SAIs of the Member States of the Commonwealth of Independent States held in Minsk.

## News from Lesotho

### LESOTHO'S OFFICE OF THE AUDITOR GENERAL TRANSITIONS TOWARD AUTONOMY

Recently, the implementation of a new audit act generating positive change was announced in Lesotho. This new act repeals the 1973 Audit Act, which formed the Office of the Auditor General (OAG) mandate that was established in 1963.

The 2016 Audit Act, which took effect April 1, 2017, provides for OAG's continued existence. Additionally, it calls for OAG independence with governance structures, which is designed to establish the office as an autonomous Supreme Audit Institution (SAI).

To implement this new act, the office is receiving technical and financial support from the African Organization of English-speaking Supreme Audit Institutions (AFROSAI-E), along with the African Development Bank under the Public Financial Management Reform Program in Lesotho. AFROSAI-E is also assisting in drafting the Audit Act Implementation Strategy, revising the OAG strategy to reflect the new, broader mandate issues, as well as Audit Act 2016 implementation and post-implementation activities.

## News from Vietnam

### VIETNAM'S STATE AUDIT OFFICE ISSUES 39 ISSAI-BASED STANDARDS

The State Audit Office of Vietnam (SAV) issued a set of 39 public sector audit standards last year. These compliance standards, based on the International Standards of Supreme Audit Institutions (ISSAI), along with a glossary of technical terms, will now be applied to every audit SAV performs.

The issuance, as part of SAV's commitment to the International Organization of Supreme Audit Institutions (INTOSAI) Development Initiative (IDI) and the Asian Organization of Supreme Audit Institutions (ASOSAI) 3i Program, reflects SAV's efforts to standardize national public audit practices. The new standards aim to enhance audit quality for all audit disciplines within SAV's mandates and help improve good governance and transparency in managing national and sub-national public finance and public assets.

Additional benefits of the new standards include:

- Creating foundations for SAV to complete professional audit procedures and guidances;
- Helping ensure auditors adhere to professional ethics;
- Providing a tool to review and assess audit engagement quality; and
- Offering guidance to audited entities in working with state auditors and solutions to potential problems.

Currently, the SAV is conducting a comprehensive plan to train all staff members on standards utilization, as well as an external stakeholder communication campaign.

## News from Turkey



### TURKISH COURT OF ACCOUNTS HOSTS EUROPEAN COURT OF AUDITORS AND LIBYAN SUPREME AUDIT INSTITUTION

The President of the Turkish Court of Accounts (TCA), Mr. Seyit Ahmet Baş, welcomed representatives from the European Court of Auditors (ECA) (pictured left, top) in March 2017 for various European Union (EU) public entity performance audits. The ECA also held a technical meeting with TCA officials and addressed results on the EU Twinning Project, which was jointly executed with the United Kingdom's Supreme Audit Institution (SAI) between 2005 and 2007.



The TCA also hosted Mr. Khaled Shokshok, President of the Libyan SAI, and his delegation (pictured left, bottom) March 10, 2017. During the visit, delegates exchanged ideas on numerous topics, including potential joint working areas.

## News from India



### XXIII COMMONWEALTH AUDITORS GENERAL CONFERENCE

The Comptroller and Auditor General of India hosted the XXIII Commonwealth Auditors General Conference (CAGC) in New Delhi, India, March 21-23, 2017. Seventy-four delegates from 36 countries, including 24 heads of Supreme Audit Institutions (SAIs), attended the three-day event.

Discussions centered on the main theme, “Fostering Partnerships for Capacity Development in Public Audit,” within the context of two sub-themes, “Leveraging Technology in Public Audit,” and “Environment Audit: A Commonwealth Perspective.” Sub-theme discussions were chaired by Dr. Mussa Juma Assad, Controller and Auditor General of Tanzania, and Mr. Michael Ferguson, Auditor General of Canada, respectively, and included keynote addresses from the SAIs of South Africa and Australia.

The SAIs of the Cayman Islands, Kenya, Malaysia, Pakistan and the United Kingdom presented country papers on experiences using information technology in audits, while the SAIs of Bangladesh, Cameroon, Malaysia, Pakistan and Zambia shared personal insights into environmental audits. SAI India delivered video presentations on data analytics and environmental audits based on the SAI’s knowledge and practices.

Since most Commonwealth countries follow similar governance structures and share a common working language, discussions on the two sub-themes reinforced the need to build partnerships for collective benefit. With many nations having basic capacities to undertake audits of information systems, the conference afforded opportunities for SAIs to share expertise in all aspects of auditing technology, including the application of data analytics in performance and attest audits.



During the event, it was noted that all Commonwealth countries were environmentally vulnerable. With the decreased capability and preparedness of some nations to address and mitigate environmental effects, it was suggested that highlighting risks associated with ineffective approaches was crucial. Additionally, adopting the Sustainable Development Goals (SDGs) is key and requires mainstreaming of environmental issues in all audit types. A primary concern noted in auditing environmental matters is the difficulty in evaluating long term governmental interventions and programs impact, particularly when performance measures are lacking. A shortage of experienced and trained staff was perceived as another challenge that many SAIs face.

The conference also observed a healthy appetite within the Commonwealth SAI community for cooperative audits, which provide tremendous value, especially between SAIs of contiguous countries in areas of high, regional concern.

Future beneficial initiatives deemed worthy by event participants included:

- Establishing a mechanism to communicate the conference outcomes to the International Organization of Supreme Audit Institutions (INTOSAI) and regional organizations, especially the relevant working groups on IT, Big Data and Environmental Audit; and
- Continuing to work with the Commonwealth Secretariat to foster cooperation with key Commonwealth organizations, which may include engagement with the Commonwealth Association of Public Accounts Committee (CAPAC) and other parliamentary groups.

The XXIV Commonwealth Auditors General Conference will be hosted by the SAI of Fiji in 2020.

## News from the United Arab Emirates



### UNITED ARAB EMIRATES STATE AUDIT INSTITUTION RELOCATES TO ZAYED CITY

The State Audit Institution of the United Arab Emirates (UAE) officially moved into its new headquarters on April 2, 2017, in Zayed City.

Dr. Harib Al Amimi, President of UAE's State Audit Institution, stated that allocating an independent structure for the organization emphasized leadership's interest in enhancing the Supreme Audit Institution's (SAI) ability to support, empower and fully practice its mandates.

He also expressed the SAI UAE's important role in supporting growth and development, as well as

continually updating audit theories and work methodologies to protect public funds at national and international levels, factors which, he believes, contributed significantly to the successful hosting of INCOSAI XXII.

The environmentally friendly headquarters is a 12,500 square meter six-floor building equipped with smart operating systems and provides an integrated, high-tech, stimulating environment.

Dr. Al Amimi added, "This building is a cultural landmark promoting our ability to manage public funds based on the principles of accountability, transparency and anti-corruption."

### UAE SAI PRESIDENT HONORS EMPLOYEES WHO ACHIEVED CIPFA CERTIFICATION

H.E. Dr. Harib Al Amimi honored auditors who earned the Chartered Institute of Public Finance and Accountancy (CIPFA) professional certificate after successfully completing the four-month program.

The CIPFA professional certificate qualifies auditors in basic public finance and accounting and is the only international certificate granted for governmental sector audit. The CIPFA certification program, which encompasses three themes: audit, anti-fraud and financial reports for the public sector, aims to strengthen auditors in a professional and accurate way.

"This certificate is not the ultimate goal but a means to improve the quality of audit and to enhance the State Audit Institution's work and final audit reports. It is also a way to practice the audit process in a very high professional manner in comparison to any audit institution in the world," said Dr. Al Amimi.

Honoring those who completed the CIPFA certification provides a supportive working environment for creativity and achievement and is part of ongoing State Audit Institution efforts in the journey toward achieving excellence and leadership in the field of audit.



by Prof. Dr. Doan Xuan Tien, Deputy Auditor General of Vietnam

In the context of Vietnam's rising economy, along with strong regional and global economic integration, healthy, transparent and sustainable public finance holds extremely important implications. The State Audit Office of Vietnam's (SAV) role in monitoring and supervising the use and management of public finance and assets became an urgent and inevitable societal requirement. Through the adaptation of international auditing standards within Vietnam's legal, practical and operational environment, the SAV developed a supreme auditing standards system as a tool to enhance capacity and contribute to building a transparent and sustainable public finance structure.

Inevitably, when Vietnam's economic and social development becomes more advanced, a robust and transparent public finance structure becomes more imperative. Financial inspection agencies' roles and responsibilities must become more focused and enhanced, particularly when it comes to improving governmental accountability on public finance and property management; anti-corruption; preventing resource wastefulness; promoting international integration; carrying out public finance; ensuring transparency; and reforming administrative functions.

With its constitutionalized legal status (as defined in Vietnam's 2013 Constitution), the SAV has shown significant progress in terms of the state audit activities' size, quality, effectiveness and impact on the country's financial system, gradually equaling parliamentary and citizen trust and expectations. The SAV is fully aware of the requirement for accurate, honest and objective audit opinions. Therefore, the development and implementation of a supreme auditing standards system that complies with both International Standards of Supreme Audit Institutions (ISSAIs) and Vietnam's practical conditions and environment became essential to enhance SAV's independence, effectiveness and efficiency while cultivating the office's capacity, expertise, professionalism, status, credibility and image within the International Organization of Supreme Audit Institutions (INTOSAI) community.

For Vietnam, ISSAI application presents a valuable opportunity to essentially standardize and improve SAV's operational quality on macro and micro levels. The development of SAV's supreme auditing standards system is designed to achieve key organizational objectives as part of the office's strategic plan 2017-2020, including the completion of legal foundations; developing more modern and professional apparatuses and personnel; diversifying audit types; comprehensively improving audit quality; and, complying with international standards and practices. Ultimately, the application of this new system will play a major part in building a more transparent and sustainable public finance structure.

## CAPITALIZING ON INTERNATIONAL AUDITING STANDARDS



*State Audit Office  
of Vietnam  
develops auditing  
standards system  
to enhance capacity and  
contribute to transparent,  
sustainable public finance system.*



**THE IMPETUS FOR THE NEW SYSTEM**

The SAV developed and promulgated the first supreme auditing standards system in 1999; however it was amended and revised to reflect the system’s limitations and shortcomings; the organization’s new constitutionalized legal status; an amended state audit law; requirements emerging from audit practices; and international integration trends.

The SAV made a commitment with the INTOSAI Development Initiative (IDI) and the Asian Organization of Supreme Audit Institutions (ASOSAI) in 2013 to develop a new supreme auditing standards system that is more scientific; better reflects Vietnam’s environmental considerations; and is geared toward ISSAI compliance. After three years of research and collaboration with industry-leading experts that included the Ministry of Finance (MOF), the Vietnam Association for Certified Public Accountants (VACPA), major independent audit firms, universities, and SAV senior auditors, the SAV officially developed and endorsed the revised supreme auditing standards system.

---

*“Developing and implementing a supreme auditing standards system that complies with international practices and standards represents the State Audit Office of Vietnam’s commitment to standardization, audit quality improvement and increase in our value and impact.”*

—Dr. Ho Duc Phoc, Auditor General of Vietnam

---

The revised system, along with a comprehensive list of standards and terms, was officially issued July 15, 2016, by the State Auditor General. This new system consists of three auditing standards (distinguished as “Levels 2-4”) for all three types of audits—financial, compliance, and performance.

- Level 2: The prerequisites for the implementation of supreme auditing function, such as a code of professional ethics and audit quality control;
- Level 3: The basic auditing principles as the basic principle of state auditing activities, as well as the basic principles of financial audit, compliance audit and performance audit; and
- Level 4: Auditing guidelines: detailed instructions on audit risk management, audit materiality determination, audit sampling, analytical and auditing procedures for beginning balance.

**THE IMPACT OF THE NEW SYSTEM**

The newly revised supreme auditing standards system will positively and profoundly impact five major groups of beneficiaries, including the SAV itself, state auditors, auditees, the National Assembly and Government’s bodies, as well as the public.

The system, comprised of principle and core guidelines, will (1) serve as a fundamental tool for auditors throughout the audit process; (2) support the SAV in guiding, inspecting, monitoring and assessing state auditors’ performance, as well as that of associated stakeholders; (3) provide information and guidance to auditees regarding coordination and cooperation during the audit process; and (4) assist the National Assembly and Government bodies, state administrative agencies, and the general public in monitoring the audit activities carried out by the SAV, thereby improving the transparency of audit activities; ensuring the accuracy, truthfulness and objectivity of audit opinions; and reinforcing confidence in the quality and impact of state audit endeavors.

**THE PRACTICE OF THE NEW SYSTEM**

One of the SAV’s top mid-term priorities is to quickly put the new supreme auditing standards system into practice. The SAV has developed specific and practicable road map to implement the system comprehensively and effectively.

Executing the implementation plan will require SAV auditors to be thoroughly aware of the fundamental meaning, value and importance of the supreme auditing standards; be open to change and innovation; and be willing to apply the updated professional knowledge and auditing standards. Similarly, auditees, the National Assembly and Government bodies, state administrative and supervisory agencies, and the public will also need to be explicitly aware of the SAV’s legal status, role and functions in inspecting and monitoring the country’s public finances. These initiatives will allow the SAV fully implement the new system, strengthen its capabilities, improve state audit quality, and, ultimately, fulfill the SAV’s responsibility to preserve a transparent, healthy and sustainable national public finance structure.

# PERFORMANCE AUDITING

## The System-Oriented Approach: An Underrated Option

by Jan van Dam,  
Netherlands Court of Audit

### Introduction

Pursuant to International Standards of Supreme Audit Institutions (ISSAI) 300-26, performance auditors generally choose between a result-, problem- or system-oriented approach (or a combination thereof) to facilitate the soundness of audit design.

In this article, the Netherlands Court of Audit (NCA) chronicles its performance audit experience according to the system-oriented approach (dating back to the 1980s) and what Supreme Audit Institutions (SAIs) can learn from that experience today, especially SAIs that want to build performance audit capacity but don't know where to begin.<sup>1</sup>

### Why a System-Oriented Approach?

Performance audits, conforming to a system-oriented approach, focus on the proper functioning of management systems. In supporting performance audit capacity

development in many countries, the NCA has seen that a system-oriented approach helps to focus the audit on structural issues, not on incidents; on the big picture, not on details; and on the performance of government and public organizations, not on legislation.

The NCA has found that financial and compliance auditors tend to think in terms of rules and regulations, and that the required change in mind-set to conduct performance audits is quite a big step and needs time.

A system-oriented approach can be of assistance in bridging both disciplines and provides a potentially more impactful way (value and benefit) as a SAI. The focus is on real, structural problems; it delivers more relevant audit results to the auditee; and it generates SAI visibility in the public sector and society.

The system-oriented approach does not focus primarily on the policy or the goals but on well-functioning management systems as a condition for effective and efficient policies.

Examples are financial management, evaluation, control and Information Communications Technology (ICT) systems.

This type of audit can use descriptive questions (which also help to detect risk areas in the system), such as:

- What is the objective of the system?
- Who are the responsible actors within the system?
- What are the responsibilities of each actor?
- Which rules, regulations and procedures are relevant?
- What are the relevant money and information flows?

**A Step-By-Step Approach. Where to Begin?**

When an audit subject has been chosen based on sound risk analysis, describing the system under audit is a good start and may also result in an interesting report of facts.

For example, in the Netherlands, programs and money flows are sometimes so complicated that a clear description of the system (preferably in schemes and chart flows) is helpful to MPs and even auditees. This is referred to as a clarification audit, and these have been very successful. Here, the audit questions have a descriptive character.

Figure 1 represents a chart flow example. It visualizes the expenses for the Netherlands railway system, as well as the responsible actors. The system complexity is evident.

An important and useful first audit step in a system-oriented approach—when it comes to a normative audit—is to ask a question related to: “What conditions must be met to ensure the economy, efficiency and effectiveness of the system?”

This conditional approach can be applied to a variety of audit subjects, such as state-owned enterprises, social security programs, a tax system and a public school. In this case, the central audit question is, “To what extent does the auditee fulfill the conditions for economy, efficiency and effectiveness?” It is interesting to identify these conditions and how these conditions can be structured to make them comprehensible to the early-stage performance auditor.

Based on NCA experience, looking from the system perspective is very helpful when defining and structuring these conditions. One of the first times the NCA chose to embark on a system-oriented approach was a government-



...and can be complemented by more evaluative questions, to include:

- To what extent is there a sound plan?
- Is there a good quality monitoring system?
- Is the comparison between the monitoring system information and the plan leading to adjustments, if necessary?
- Is planning, monitoring and adjusting recorded in a systematic way, ensuring accountability to a higher administrative level?
- Are processes evaluated periodically in a proper way?

wide performance audit on subsidies management (published in 1989). The provision of subsidies was perceived as a system (see Figure 2).

This approach is further developed and generalized in Figure 3. The auditee is positioned at the top. This is very important, as performance auditors must view the situation from the auditee perspective. What must the auditee do to be efficient and effective?

Here, two main activities are distinguished:

- Acting/steering, which equates to moving in the right direction; and
- Gathering and receiving relevant, reliable and timely information.

Acting and gathering information can be aimed at a variety of subjects, either organizations (such as state-owned enterprises, a hospital or a school) or processes (such as a housing policy, social security program or tax system).

Figure 4 illustrates the organizational set-up. Starting from the bottom, the diagram outlines an entity with inputs, throughput, output and outcome.

Using a road construction company as an example (acting as a state-owned enterprise), the input would consist of raw materials (sand, cement, asphalt, but also labor). The throughput (process) is construction (of a road, which includes leveling, paving and blacktopping). The output is a road in good condition, and the outcome could be the opening up of a region that was previously difficult to reach.

In keeping with the approach as outlined in Figure 4, the minister (or the agency responsible) should act—setting goals and criteria for the road construction company—and should be informed by enterprise management about activities and results. Further, the minister or agency must take corrective actions if the information suggests cause for concern.

The system approach can also be used for processes (programs or policies), as shown Figure 5. In this instance, a well-known policy or program cycle is used. Consider, for example, a social security program. The minister or agency must prepare this program carefully by:

- Evaluating pros and cons of different instruments and options.
- Setting smart goals and clear criteria.
- Establishing the budget according to stated ambitions.
- During implementation, the legitimacy and effectiveness of benefits should be guarded, as well as the efficiency of the process.
- The last step is to evaluate the economy, efficiency and effectiveness of the social security program itself, including the follow-up of recommendations to improve the program. This completes the cycle.

### Conclusion

SAIs are in a position, facilitated by the International Organization of Supreme Audit Institutions (INTOSAI) community, to genuinely benefit from mutual experience through sharing lessons learned on implementing performance auditing. For inexperienced performance auditors, economy, efficiency and effectiveness are quite abstract concepts. Building performance audit capacity, therefore, is a challenge. However; based on the experience of the Netherlands Court of Audit (NCA), a system-oriented approach seems to be a practical first step into the challenging world of performance audit.

### References

- ISSAI 3100 Appendix (Building a Performance Audit Function)

# IN MEMORIAM OF SASKIA J. STUIVELING

S.J. Stuiveling, former President of the Netherlands Court of Audit passed away April 20, 2017, at the age of 71. A member of the Netherlands Court of Audit from 1984 to 2015, she held the esteemed position as its President for the last 16 years of her career.

Saskia, as she was known, was preceded by her reputation when she was appointed to the Court of Audit's Board in 1984. Her work for the parliamentary inquiry into the Rijn-Schelde-Verolme group, her membership of the Senate for the Dutch Labour Party and her position as State Secretary for the Interior had already earned her an impressive record in public administration.

Elected in 2000, she was the Court's first female president. She possessed an unmatched energy, an extraordinary expertise, and she personally contributed to the modernization of the Court of Audit, where she often worked behind the scenes and laid foundations for later successes that led to improved public administration.

Saskia was admired for so many things, including her perfectionism and eye for detail. She was a source of inspiration to her colleagues and had the creative knack to identify relationships and develop conceptual approaches long before others. On more than one occasion, she initiated the public debate and was greatly appreciated for doing so.

From her very first day in office, Saskia was concerned with government performance and its responsibility for weaker members of society. She set the Court of Audit's course to audit public sector performance in the fields of education, care and security, and under her leadership, the Court gained a wealth of expertise in these fields.

Saskia had a keen sense for social and political relations and frequently took the initiative to undertake new activities. Her work within the international audit community was exceptional. She was at the birth of many innovative activities that widened the reach of Supreme Audit Institutions and brought them closer to citizens.

She also strengthened ties between audit institutions. In 1992, she established the International Organization of Supreme Audit Institutions (INTOSAI) Working Group on Environmental Auditing and in 2002 the European Organization of Supreme Audit Institutions (EUROSAI) Working Group with a focus on IT governance.

Following the 2004 tsunami in the Indian Ocean, she took the initiative to increase the transparency of aid flows. Her IntoSAINT self-assessment initiative put the integrity of public administration and the role of audit institutions on the map.

As President of the European regional network, she inspired EUROSAI to be more innovative and creative. She pioneered cooperation with audit institutions in the Arab region. The enormous respect she enjoyed internationally and her personal charm enabled her to move mountains.

Upon Saskia's retirement as President of the Court of Audit in 2015, the prime minister, Mark Rutte, announced the creation of the "Stuiveling Open Data Award," an annual award first conferred in 2016 for public initiatives that promote, clarify or encourage the use of open data.

The establishment of this award in her honor was born from Saskia's interest in everything related to the modern information society. Sometimes referred to as "The Hague's Digitization Prophet," she warned against the risk of the government missing the digital boat. She reasoned that with so many sources of information

available to the public, it became even more important for the government to be transparent. Saskia likened the digital revolution to the invention of the printing press.

She could ease the tension with a witty comment or anecdote, and in more private settings, she would often surprise people with the personal attention she would give.

Working with Saskia was a great privilege. Knowing Saskia was a gift. Missing Saskia will be eternal, as will remembering her.





## EUROSAI CONGRESS FOCUSES ON ISSAI USE, ENHANCEMENT

The Turkish Court of Accounts (TCA) hosted the 10th European Organization of Supreme Audit Institutions (EUROSAI) Congress in Istanbul, Turkey, May 22-25, 2017.

This year's congressional theme—"Implementation of International Standards of Supreme Audit Institutions (ISSAIs): Challenges and Solutions for Improvement"—geared participants toward discovering ways ISSAIs can be enhanced to best serve public sector credibility and quality.

ISSAIs are extremely important for Supreme Audit Institutions (SAIs), as they provide a framework and guide SAIs in audit work that requires a high-level of technical, organization and professional competencies. Adopting and implementing appropriate and effective ISSAIs are key to promoting strong, independent SAIs.

Approximately 170 participants from 51 countries (including 41 EUROSAI member-SAIs and 10 observers

and guest countries) attended the congress that included two Governing Board (GB) meetings, where the SAIs of Poland and Latvia were approved as GB members; two plenary sessions where the SAI of the Czech Republic was elected the next EUROSAI Congress president; and several workshops and seminars on such topics as emerging issues and sustainable development.

The Netherlands Court of Accounts (NCA) handed over the reins to the Turkish Court of Accounts (TCA). The TCA, who will hold the EUROSAI presidency for the next three years, vows to implement significant initiatives, including the implementation of the new EUROSAI Strategic Plan. Mr. Seyit Ahmet Bař, TCA President, emphasized that the TCA also plans to create a EUROSAI that is more active and dynamic.

During the event, new strategic goals for EUROSAI were proposed, goals that Mr. Arno Visser, President of the NCA, believes are "building blocks for an agile, responsive knowledge broker."

The Istanbul Declaration, consisting of outcomes and work session recommendations, marked the conclusion of the congress, and is available online at [www.euroesai2017.org](http://www.euroesai2017.org).

# “UPDATES AVAILABLE” ON YES EVENT

by *Krislin Kivi, National Audit Office of Estonia*

A few years ago, a great idea arose in the European Organization of Supreme Audit Institutions (EUROSAI), an idea that proved a perfect match for young staff of Supreme Audit Institutions (SAIs), an idea that led to the realization of two extremely successful events—Young EUROSAI (YES) Conferences.

The National Audit Office of Estonia’s young staff continues the legacy of YES success, as they prepare to host the third YES Conference September 11- 14, 2017, in Tallinn, Estonia.

Innovation, one of EUROSAI’s main values, drives the YES initiative. We are living in an era described by exponential growth and availability of data, which brings about substantial changes happening all around us—trends toward connectivity, globalization and unbroken access. Digital technologies have been integrated into our everyday lives by the digitization of everything that can be digitized. All of this has an effect on SAIs’ work, as well!

“Updates Available” will be the main theme of the third YES Conference, and it symbolizes the constant need for improvement, which, in combination with the developments in digitalization and an increase in data volumes, represents a must-have upgrade for every auditor. By sharing ideas, success stories and not-so-successful practices, we can find ways to further improve our work and to update our auditing. And who better to make use of all the data out there but the people that have grown up within it!

In September, we will spend four days generating ideas, sharing experiences and networking. And, one of the best

things about the YES Conference is that it actually builds upon participants’ contributions! In addition to keynote presentations and group discussions, there will be a number of workshops developed and moderated by the young professionals themselves.

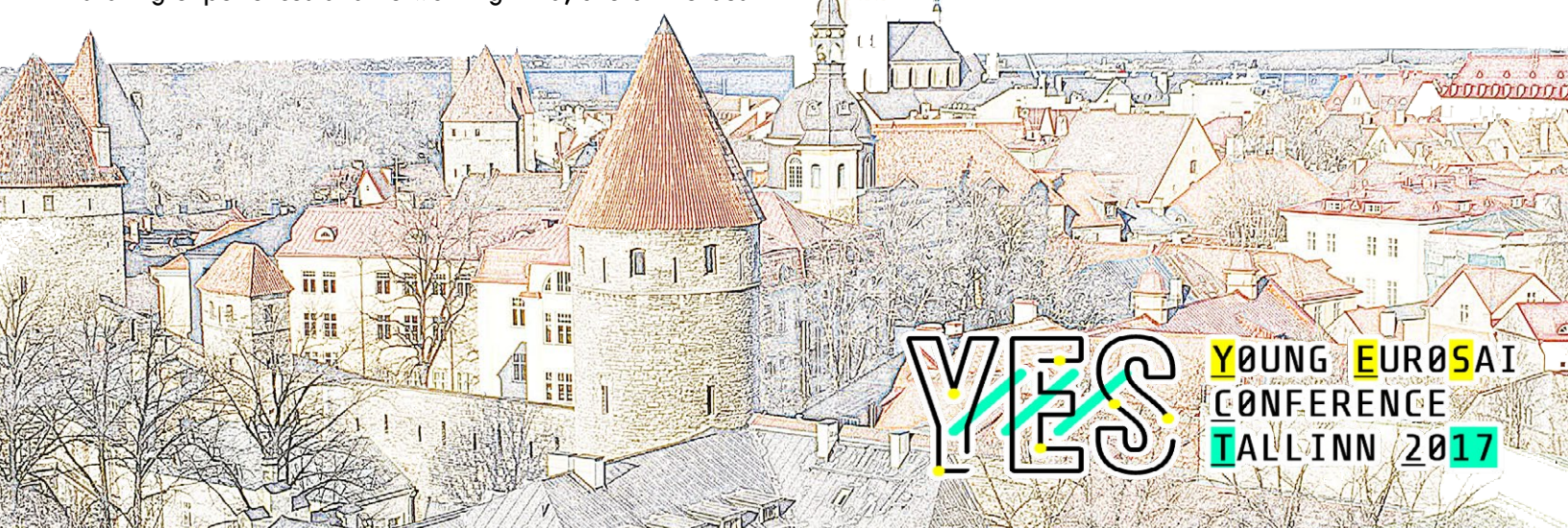
We will explore the opportunities the information age presents and how these opportunities have been used so far. A special kind of brainstorming session, Idea Garage, will be organized to further encourage participants to generate, propose and develop new ideas on solutions to different pressing social issues using open and big data.

One full day will be dedicated to sharing participants’ experience with data in all formats, whether it be data collection, analysis, statistics, visualization...you name it!

Toward the end of the conference, we will attempt to look into the future and discuss the future of e-governance as a whole, particularly open information society’s influence and SAI impact.

YES is not just a conference. It is a network of young, inspired, enthusiastic professionals, driven by innovation and the courage to think big—carrying the YES spirit! We hope the ideas discussed at the YES Conference will inspire all participants, and that the YES spirit continues to spread within the SAI community!

For more information, please refer to the [YES 2017 website](#) or contact the organizers at [yes2017@riigikontroll.ee](mailto:yes2017@riigikontroll.ee).



**YES** YOUNG EUROSAI  
CONFERENCE  
TALLINN 2017

# OLACEFS CTIC LAUNCHES ONLINE SURVEY PLATFORM

The Communication and Information Technologies Commission (CTIC), spearhead by Dr. Francisco J. Fernández, National Auditor of the Republic of Argentina and CTIC Chairman, implemented an online survey platform to strengthen Supreme Audit Institution (SAI) capabilities in data collection and inquiry processes.

CTIC analyzed several alternatives and selected LimeSurvey, a no-cost, web-based platform to develop and publish online surveys, collect responses, create statistics and export resulting data to other applications. The software is also

compatible with the technological infrastructure utilized by the Organization of Latin American and Caribbean Supreme Audit Institutions (OLACEFS) secretariat.

During the XXVI OLACEFS General Assembly held in Punta Cana, Dominican Republic, in September 2016, an electronic preliminary survey was disseminated using this new platform to acquaint participants with the software and gauge participant awareness of CTIC activities.

The Commission is currently developing the necessary protocol and survey site (<http://encuestas.olacefs.com>) documentation to provide a reference framework for processing requests, including admissions, withdrawals, modifications and reports.

Mr. Fernández emphasized, “The Commission seeks to make this platform a service that will enable, through the use of technology, a much more agile and efficient survey system.”

# NEW PUBLICATION ON IMPROVING PUBLIC SPENDING

The President of the Salvadorian Supreme Audit Institution (SAI), Mr. Rodrigo Antonio Barahona Escalante, alongside the Auditor General of the Argentinean SAI and Chairman of the Organization of Latin American and Caribbean Supreme Audit Institutions (OLACEFS) Committee on Good Governance, Mr. Jesus Rodriquez, introduced a new book at a launch party in San Salvador, El Salvador, in late March 2017.



The book, “Auditing and Quality of Public Expenditure in Latin America and the Caribbean—The Role of Parliament and Supreme

Audit Institutions,” aims to improve the quality of public expenditures in Latin America and the Caribbean. The publication is based on research in the area of good

financial governance and was developed through a regional comparative study of 7 countries—Chile, Colombia, El Salvador, Honduras, Mexico, Nicaragua and the Dominican Republic—that investigates Parliamentary and Supreme Audit Institutions (SAIs) roles in budget cycles, as well as participation in public expenditure quality improvements.

The text is organized into 3 parts:

- Part 1 presents the conceptual foundation for the quality of public expenditure and the possibility of Parliament and SAIs contributing to it;
- Part 2 deals with identified case studies and good practices; and
- Part 3 presents conclusions and recommendations.

Researchers: Dafina Dimitrova, Nelson Shack Yalta, and Salvador Delgado-Garza.

Editors: Reinhard Engl, Peter Dineiger and Mauricio García Moreno.

*Publication research efforts were carried out within the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) project “Supporting Fiscal Policy in El Salvador.” The study’s conceptual and methodological design included members of the Ecorys research team (who fully conducted field research), as well as GIZ employees.*





## INTOSAI WGFMR HOSTS MEETING, WORKSHOP IN D.C.

The International Organization of Supreme Audit Institutions (INTOSAI) Working Group on Financial Modernization and Regulatory Reform (WGFMR) continues to make substantive progress promoting knowledge sharing and enhancing its capacities.

During the WGFMR 4th annual meeting held in Washington, D.C., May 9-10, 2017, members from 17 Supreme Audit Institutions (SAIs), including representatives from the working group's two newest members—SAIs of Germany and Pakistan—enjoyed an array of knowledge-sharing and knowledge-building opportunities.

SAIs from Austria, China, European Court of Auditors, Germany, Netherlands and the United States shared experiences and results of recent financial sector and parallel audits. As part of WGFMR ongoing efforts to

cultivate relationships with international standard setting bodies, officials from the Basel Committee on Banking Supervision, International Monetary Fund, and Financial Stability Board discussed current efforts to strengthen the financial sector and presented ways in which SAIs and standard setting bodies can collaborate with or complement one another.

In response to a high volume of member requests, the U.S. Government Accountability Office hosted a supplemental workshop immediately following the annual meeting. The workshop, devised to enlighten participants on using criteria in financial sector audits, fostered the sharing of techniques and practices, as well as identifying and evaluating other sources (e.g. cross-border) of potential criteria.

The workshop resulted in positive feedback and participants looking forward to similar training opportunities in the future.



**INTOSAI**  
Working Group  
On Financial Modernization  
and Regulatory Reform



## INTOSAI WGITA MEETS IN KOREA

The International Organization of Supreme Audit Institutions (INTOSAI) Working Group on Information Technology Audit (WGITA) met in Seoul, Republic of Korea, May 22-23, 2017.

Korea's Board of Audit and Inspection (BAI) hosted this 26th WGITA meeting that included 54 representatives from 27 Supreme Audit Institutions (SAIs). Heads of SAIs from Bhutan, Fiji, Hungary and India attended, as well as the Vice Chairman from the SAI of Indonesia.

Mr. Hwang Chan-hyun, BAI's Chairman (pictured left), welcomed participants.



"The development of IT will serve as a new opportunity for all SAIs to take a leap forward. For SAIs to proactively

respond to such changes, we must enhance IT audit techniques and guidelines," he remarked.

He also announced various methods the BAI has been implementing, which have led to significant achievements in auditing, such as the "E-audit Management System," a system designed to comprehensively oversee and process all data. Additionally, the BAI recently established a department dedicated to IT audit aimed at ensuring professionalism.

The meeting served as an opportunity to contribute to developing the IT audit field and facilitated the exchange of audit knowledge, experience and individual SAI perspectives on several topics, such as cyber security, big data analysis and emerging audit techniques. The group also utilized the two-day event to discuss the 2017-2019 work plan to develop IT audit capacities and guidelines over the next three years.

For additional information, email SAI Korea at [koreasai@korea.kr](mailto:koreasai@korea.kr) or visit the BAI website <http://english.bai.go.kr/>.

Task Force on Municipality Audit Kick-off Meeting

11-12 April, 2017 Vilnius



NATIONAL  
AUDIT OFFICE  
OF LITHUANIA  
BRINGING BENEFITS

EUROSAI  
TASK FORCE  
Municipality Audit

## EUROSAI TASK FORCE ON MUNICIPALITY AUDIT HOLDS INAUGURAL MEETING

The European Organization of Supreme Audit Institutions Task Force on Municipality Audit (EUROSAI TFMA) had its kick-off meeting April 11-12, 2017, in Vilnius, Lithuania. Forty-nine representatives from SAs representing 25 EUROSAI countries assembled to build the foundation for task force future work.

During the inaugural meeting, the Working Program 2017-2020 was discussed and approved, which encompassed planning activities, sharing responsibilities, establishing deadlines and defining strategic goals, which are:

- Exchanging the best practice and experience to reach audit results that have a substantial impact on improving public financial management;
- Making the external municipal auditing system more efficient; and
- Encouraging cooperative audits.

Each task force member contributed to identifying working principles during a special session of the kick-off meeting. Being resourceful and inventive; fully engaged and involved; showing respect for personal and team considerations; and striving for novelty and innovation were deemed key values to fluently and efficiently contribute to strategic goal achievement.

TFMA members were also tasked to indicate features of municipality audit that are different from other audit types, as well as how task force activities can, and will, add value. Four major aspects were identified—complexity, specificity, openness and accountability, and use of data—all of which make municipality audits unique.

This uniqueness creates space, providing endless possibilities for the TFMA to add value for auditors, SAs and the auditing community as a whole. *Complexity* is determined by a large number of municipalities in every country, a wide range of services delivered to citizens and numerous municipal functions, which often overlap with governmental

functions. *Specificity* is the vast amount of municipality audit system units, such as SAs, external, internal and private auditors, along with dissimilarities of these units, including various audit mandates, goals and functions. *Openness* refers to the desire (and ability) to share significant information and deal with problems integrally at all levels. *Accountability and data use* is the need to create a culture of accountability and use data from local accounts and financial statements, which can be encouraged by municipality audits.

The National Audit Office (NAO) of Lithuania’s initiative to establish the EUROSAI TFMA was approved by the EUROSAI Governing Board in Luxembourg in June 2016. The approval, based on NAO data revealing the importance of the municipality audit sphere and the necessity to focus more attention on multi-level policy actions and local data, creates pathways from the local level to meeting global goals. Local governments play crucial roles in creating citizen well-being, and the EUROSAI TFMA seeks to transform external municipal auditing systems into more efficient ones. The NAO of Lithuania chairs the TFMA and strongly believes this cooperation will bring benefits to SAs in planning and conducting local government audits, as well as providing relevant improvements to municipality audit systems in EUROSAI countries.

The TFMA member, SAI of Latvia, will host a seminar on Municipality Audit October 5-6, 2017, in Riga, Latvia, to address: added value from SAI audits conducted in local municipalities and usefulness and efficiency criteria when using local municipality budgets.

For more information on the EUROSAI TFMA, visit [www.vkontrolė.lt/lf/](http://www.vkontrolė.lt/lf/) or contact [eurossai.tfma@vkontrolė.lt](mailto:eurossai.tfma@vkontrolė.lt).

# EUROSAI WORKING GROUP ON AUDIT OF FUNDS ALLOCATED TO DISASTERS AND CATASTROPHES PROGRESSING



The European Organization of Supreme Audit Institutions (EUROSAI) Working Group on the Audit of Funds Allocated to Disasters and Catastrophes (WGAFAD&C) met in Rome, Italy, in March 2017.

The Accounting Chamber of the Ukraine, with the assistance of the Court of Audit of the Italian Republic, chaired the meeting, which included representatives from 15 Supreme Audit Institutions (SAIs), as well as invited experts from the SAIs of the Czech Republic and Indonesia.

Participants signed joint positions on cooperation within international audits on the most relevant group topics; approved the Working Group Activity Report for 2015-2017; and agreed on the draft Working Group's Strategic Activity Plan for 2017-2020.

Established in June 2014 at the IX EUROSAI Congress, the WGAFAD&C is now composed of SAIs from 20 countries. The group's mission is to coordinate and consolidate European SAI efforts to help governments develop effective and efficient instruments to prevent and eliminate consequences associated with disasters and catastrophes.

Working Group activities during 2015-2017 included:

- Completion of two international audits;
- Launch of three new international audits on important areas;
- Annual follow-up audit on the implementation of recommendations associated with the International Coordinated Audit of the Chernobyl "Shelter" Fund; and
- Development of seminars, including the Implementation of Guidelines on Audit of Disaster-Related Aid (ISSAIs

5500-5599) in SAI Activities; and work on Preparing Good Practice Recommendations on Audits in the Field of Prevention and Consequences Elimination of Floods.

Results indicate a successful beginning and the basis for developing strategic directions well into 2020. The Working Group has identified three strategic goals for 2020: professional cooperation; professional development; and contributing to achievement of the Sustainable Development Goals. Executing the Strategic Activity Plan will contribute to implementing EUROSAI's Strategic Plan 2017-2023; achieving INTOSAI strategic objectives defined in the INTOSAI Strategic Plan 2017-2022; and fulfilling the 2030 Agenda for Sustainable Development.

The Working Group will continue to share knowledge by organizing and conducting training and advisory events, as well as international audits on the group's most relevant areas. The group will also focus on promoting and supporting International Standards of Supreme Audit Institutions (ISSAIs) implementation (particularly the 5500 series) to increase professional development and help build institutional capacity. Contributing to the Sustainable Development Goal fulfillment, the group will conduct measures to follow up on countries' efforts aimed at implementing the 2030 Agenda.

For additional information, go online at <http://www.ac-rada.gov.ua/control/euroesai/en> or email [rp17@ac-rada.gov.ua](mailto:rp17@ac-rada.gov.ua).

# SYMPOSIUM HIGHLIGHTS BIG DATA AND SUSTAINABILITY



“Audit is our business. Information is our oxygen.” These words, offered by Mr. Wesley Vaz Silva from the Supreme Audit Institution (SAI) of Brazil, capture the essence of the 24th United Nations (UN)/International Organization of Supreme Audit Institutions (INTOSAI) Symposium held in Vienna, Austria, May 31-June 2, 2017.

Roughly 150 delegates from more than 70 SAIs and international institutions, including the UN Department of Economic and Social Affairs (UNDESA), UN Office of Internal Oversight (OIOS), International Budget Partnership (IBP), and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) united to share knowledge and experiences with digitalization, open data and data mining to lay the foundation to monitor progress toward Sustainable Development Goal (SDG) implementation.

The three-day event included numerous presentations and thought-provoking round table discussions that, according to the symposium’s technical chair, Mr. Chris Mihm from the United States Government Accountability Office, resulted in two major themes: (1) the auditing community is in the midst of change and (2) digitalization profoundly impacts government services and auditing.

Mr. Alhassane Thierno Baro, SAI Senegal, said that, in our era, requirements of democracy coupled with the interdependency of our economies increase the importance of opening up and sharing public data. Mr. Baro also pointed out that the up and coming generations will drive change.

This changing environment requires the audit community to adapt on many levels. Mr. Jesús Nieto Muñoz, European Court of Auditors, noted auditors must “take a quantum leap forward, not by just embracing new technologies, but by also adopting a digital mindset.”

SAI Pakistan’s presentation echoed that sentiment, pointing out that now, more than ever, auditors must keep skills updated.

Additionally, the constantly evolving surroundings means auditors must also uncover new approaches asserted Mr. Prasenjit Mukherjee from India’s Office of the Comptroller and Auditor General, and the United Kingdom National Audit Office’s (NAO) Philip Bradburn agrees.

Bradburn noted audits should be faster, better, cheaper—they should add value while reducing costs. And, it’s not just talk. “We’ve done stuff!” exclaimed Bradburn, who cited the use of webscraping, journal sampling and fuzzy logic as examples of recent data-driven NAO initiatives.

Many SAIs have begun capitalizing on data sourcing when performing audits. SAI South Africa has used data mining in fraud investigation; Oman’s State Audit Institution has incorporated digital forensics in audits aimed

at fighting corruption; Canada’s Office of the Auditor General has accomplished a tremendous amount of work using population-based approaches and text analytics; and SAI Brazil has connected technical experts with line auditors in its audit efforts.

The notion of big data brings with it big opportunities, including modernization, real-time results, forecasting capabilities and interactivity. Ms. Tatiana Golikova, Chair of the Accounts Chamber of the Russian Federation, noted the ability to continuously monitor audit activities via automation, and SAI Germany cited direct information to citizens as additional benefits when using data mechanisms and methodologies in this era of digital administration.

---

*“Audit is our business.  
Information is our oxygen.”*

—Mr. Wesley Vaz Silva, SAI Brazil

---



Yet, operating in a digital environment can also lead to considerable challenges, such as data access, data quality, increased expectations, technical capacity and human resource aspects.

In addition to the common challenges cited, the Austrian Court of Audit (ACA) identified specific hurdles associated with processing and presenting big data volumes. Despite the potential pitfalls with such a vast quantity of information and analytics, the ACA believes data mining and analysis in performance audits can lead to new insights, and SAs can help “discover hidden knowledge treasures.”

The discussions and engagement on data sourcing provided attendees with numerous ideas on potential ways to employ data tools and techniques to support a wide variety of audit functions, including auditing SDGs—an INTOSAI priority, as the demand for SAs to play a more prevalent role in SDG implementation is evident given recent INTOSAI standards and the UN resolution calling for nations to foster SAI independence and capacity building. The importance of SAs is also noted in the 2030 Agenda for Sustainable Development, where SAs are key in implementing the 17 Sustainable Development Goals (SDGs) designed to transform the world.

Ms. Marion Barthélemy, Director, United Nations Department of Economic and Social Affairs (UNDESA), believes SAs

can provide unique assessments and considers INTOSAI’s approach framework an opportunity to work together to advance methodologies and embed SDG implementation into processes.

INTOSAI’s approach framework, comprised of four tactics, acts as a map designed to help navigate toward successful SDG implementation.

The four approaches outlined in the framework are:

- Approach 1—Auditing National Follow-Up Systems
- Approach 2—Performance Audit of Programs that Contribute to SDGs
- Approach 3—Assessing and Supporting SDG 16 Relating to Effective, Accountable and Transparent Institutions
- Approach 4—Being a Model of Transparency and Accountability

A panel of representatives—SAI Canada, SAI Brazil, GIZ and the INTOSAI Development Initiative (IDI)—helped guide a discussion to help symposium participants better understand the approach framework.

Ms. Julie Gelfand, SAI Canada, provided short-, medium-, and long-term steps to assess preparedness during her remarks on Approach 1 and stressed that SAs have a very big role to play in accountancy and transparency.



*Dr. Margit Kraker, Secretary General of the International Organization of Supreme Audit Institutions (INTOSAI), poses for a photo alongside Dr. Harib Saeed Al Amimi, Chairman of INTOSAI's Governing Board, at the 24th Nations/INTOSAI symposium in Vienna, Austria.*



*Ms. Heidi Mendoza, Under Secretary for the United Nations Office of Internal Oversight Service, chats with Mr. Khalid Hamid, Executive Director, Department of Professional Services at UAE's State Audit Institution, during a break at the symposium held in the Vienna International Center.*

Approach 2 was presented by Mr. Aroldo Cedraz, SAI Brazil, who noted, “SDG implementation will only be possible through SAI commitment.”

Dr. Barbara Dutzler, GIZ, who focused on Approach 3 believes SAIs must understand and strengthen Public Financial Management (PFM) as a key factor, catalyst, and driver of successful government performance. Dutzler also asserted that results are not well communicated.

Communication is crucial to success, and Einar Gørrissen, IDI's Director General, furthered (in his presentation on Approach 4) that SAIs must do more than just talk about SDG implementation. SAIs must “lead by example,” Gørrissen emphasized and quoting Mr. Khalid Hamid from the United Arab Emirates State Audit Office, Gørrissen added, “We need to walk the talk!”

Earlier in the day, Mr. Hamid provided the audience with a follow-up on Theme 1 of INCOSAI XXII, which concentrated on SDGs. In his address, Mr. Hamid stressed the importance of sharing knowledge and getting involved in the dialogue at all levels. “We must find a global public voice,” he pronounced.

Global indeed. Much like that of the 2030 Agenda. Much like that of the SDGs. Much like that when it comes to continued cooperation between SAIs and the UN.

Capping off the symposium's second day, representatives from UNDESA, IDI, the (IBP) and the SAIs of Columbia and Finland spearheaded a plenary discussion on the way forward.

Ms. Archana Shirsat, Deputy Director General for IDI, highlighted that focusing on programs that support outcomes (rather than solely taking an outcomes-based approach) is essential. “It's not just doing different things, it's doing things differently,” she stressed.

It is evident. The digital age is changing the auditing world. Digitalization is shaping the auditing community of the future. Embracing this change is key.

“The digital age gives SAIs ample opportunities to modernize and ample opportunities to fail, but we should not be afraid.” —Dr. Ellen van Schoten, Netherlands Court of Audit.



# IDI UPDATE

*IDI Update keeps you informed of developments in the work and programs of the International Organization of Supreme Audit Institutions (INTOSAI) Development Initiative (IDI). To find out more about the IDI and to keep up to date between editions of the Journal look at the IDI website: <http://www.idi.no>. For information related to the International Standards of Supreme Audit Institutions (ISSAI) Implementation Initiative (3i Program), please visit <http://www.idicommunity.org/3i>.*

## IDI LAUNCHES NEW BILATERAL POLICY

Establishing bilateral support is a priority in the IDI strategic plan for 2014-2018. In 2015, the IDI Board developed core principles, which led to the development of the IDI Bilateral Policy approved in March 2017. While a large majority of SAIs in developing countries successfully participate in regional and global IDI programs, a substantial number of Supreme Audit Institutions (SAIs) require more extensive support to sustainably develop capacity and performance.

The new policy describes when and how IDI should deliver bilateral support, which comes in various forms. IDI's role depends on several factors:

- The SAI's needs;
- Country context;
- Extent that other providers are available; and
- Availability of IDI capacity and resources.

The IDI Board will decide the work volume, as well as types, of bilateral support IDI will provide. The identified potential roles for IDI bilateral support are: *Broker (short term)*: support to SAIs in managing capacity development and preparing the way for additional assistance; *Capacity Maintenance and Lifeline Support (short- and medium-term)*: limited scale support to SAIs operating in particularly unstable and unpromising environments as a means to maintain competence within the SAI until the situation improves; and *Specialized Capacity Development Provider (short- and medium-term)*: supports a SAI's specific strategic priority implementation where IDI has comparative competencies, typically in areas where IDI has carried out a regional or global program.

IDI bilateral support is needs-based and should be requested by the SAI (either through the Global Call for Proposals or directly to the IDI). IDI assesses all requests or options for bilateral support using a uniform set of conditions:

1. The SAI has major challenges and there is a need for bilateral support in areas where IDI has competencies and comparative advantages.

2. The SAI does not receive extensive support and there are no other INTOSAI/SAI community providers able to deliver the necessary support.
3. IDI has the capacity to provide support and proper working arrangements can be established.
4. The SAI demonstrates a willingness and continued commitment to strengthen its performance and operate according to the principles of transparency and accountability.

For more information, download the [Bilateral Policy](#) or visit IDI's web page dedicated to the bilateral support program at [www.idi.no](http://www.idi.no).

## IDI ESTABLISHES SAI PMF UNIT

The SAI PMF Implementation Strategy 2017-2019 was endorsed at the XXII INCOSAI in Abu Dhabi, United Arab Emirates. The strategy, prepared in partnership with the INTOSAI Capacity Building Committee, Secretariat and Working Group on the Value and Benefits of SAIs, led to the establishment of a new SAI Performance Measurement Framework (PMF) unit within IDI. The IDI SAI PMF Implementation unit will:

- Support assessment quality and global monitoring, including SAI PMF coordination, training, support and knowledge center services.
- Facilitate assessments and use of results, which addresses needs expressed by INTOSAI regions (and sub-regions) and SAIs for support in conducting SAI PMF assessments.
- Conduct and arrange independent reviews to promote the importance of adequate quality management processes to ensure production of credible SAI PMF reports.

This new unit will take the operational lead for global strategy implementation. Heading up the SAI PMF team is Ms. Cecilie-Thue Hansen, who previously worked in the Secretariat and played a key role in developing the SAI PMF endorsement version. If you have any questions, please contact the SAI PMF unit at [SAIPMF@idi.no](mailto:SAIPMF@idi.no).



### 3i PROGRAM-ISSAI IMPLEMENTATION INITIATIVE

#### 3i—PHASE ONE

**ISSAI-Based Financial Audits.** IDI is supporting three audit teams from Iraq, Sudan and Palestine to conduct ISSAI-based pilot financial audits. Participants from Sudan and Palestine attended a workshop on the “Conduct of the Audits” in Morocco in April 2017 where IDI staff provided additional support on audit execution.

**ISSAI-Based Compliance Audits.** As part of the 3i IDI/Arab Organization of Supreme Audit Institutions (ARABOSAI) ISSAI-based pilot Compliance Audits of Procurement Program, eight audit teams from Iraq, Jordan, Mauritania, Morocco, Oman, Palestine, Sudan and Tunisia conducted ISSAI-based compliance audit engagements in their respective countries. Prior to audit initiation, IDI trained the teams at a workshop held in Jordan in September 2016. In May 2017, an audit review meeting was conducted in Muscat, Oman, to provide peer and expert feedback.

#### 3i—PHASE II

**Product Development Meetings.** Draft Quality Assurance (QA) Guidance for compliance, financial and performance audit guidance and tools were developed during an event hosted in Manila, Philippines, in March. The materials are designed to assist SAIs in conducting QA reviews of ISSAI-



based financial audits. Resource persons (see picture) from the SAIs of Cook Island, Georgia, Namibia, Philippines, Portugal and IDI participated in product development.

Similar QA products for compliance and performance audits were drafted at a meeting in Oslo, Norway, as well, and included participants from IDI, Lithuania, Maldives and Norway.

**SAI-Level Pilot Support to SAI Bhutan.** As part of IDI’s pilot audit support to SAI Bhutan, 20 auditors were trained in conducting ISSAI-based performance, compliance and financial audits. IDI also provided onsite support to conduct the audits, along with QA training.

### LESSONS LEARNED

Twenty-two SAIs from four INTOSAI regions completed audits (conducted in English and Spanish over the course of 4 years) in association with the INTOSAI Working Group on Public Debt (WGPD) and the United Nations Conference

on Trade and Development (UNCTAD). The final program meeting, was held in Oslo, Norway, March 9-10, 2017, and resulted in documented lessons learned that will be incorporated into the audit findings.

### SAI STAKEHOLDER ENGAGEMENT

Courseware for in-person training was finalized at a meeting hosted in Rwanda in March that included delegates from IDI, Kenya, the Philippines, Sierra Leone, Sweden and Uganda.

### EXTERNALLY FUNDED PROJECT AUDITS IN AGRICULTURE, FOOD SECURITY SECTOR

- SAIs of Malawi, Namibia, Rwanda and Tanzania (pictured right) completed first round pilot audits and began planning for the second round. Audit reports were peer reviewed and discussed alongside African Organization of Supreme Audit Institutions (AFROSAI), the International Fund for Agricultural Development (IFAD) and IDI.
- IDI visited SAI Gambia in May. SAI Gambia is currently conducting the first round of audits with IDI onsite support.

### ENHANCING E-LEARNING CAPACITY

IDI and the Asian Organization of Supreme Audit Institutions (ASOSAI) conducted its first joint certification program for eLearning specialists. The program, which concluded in May 2017, enhances SAI capacity in the ASOSAI region in the design, development and delivery of eLearning courses. To earn certification, participants were required to pass the evaluation and demonstrate identified competencies.

IDI and SAI delegates from Indonesia, Japan, Pakistan and the Philippines also met in Nay Pyi Taw, Myanmar, to begin developing courseware for the blended learning specialist program.

### BILATERAL SUPPORT PROGRAM

AFROSAI, IDI and SAI Sudan signed a Memorandum of Understanding (MoU) at the AFROSAI-E Governing Board meeting in Nairobi, Kenya. The MoU aims to support SAI Sudan’s capacity development as part of IDI’s bilateral support program.

IDI also met with the Supreme Audit Office of Afghanistan’s Auditor General and senior officers in Oslo, Norway, to discuss the culmination of bilateral support and the way forward.

### SAI PMF

Twenty delegates from the English-speaking AFROSAI region (AFROSAI-E) participated in SAI PMF basic training in Pretoria, South Africa.

## IDI STAKEHOLDER ENGAGEMENT

The IDI participated in several seminars, forums and discussions earlier this year including:

- Implementing ISSAI 300, Bratislava, Slovakia
- Fourth International Integrity Seminar, Szarvas, Hungary
- EUROSAI Task Force on Audit and Ethics, London, UK
- Forum on INTOSAI Professional Pronouncements, Luxembourg
- INTOSAI Financial Audit and Accounting Subcommittee (FAAS) meeting Abu Dhabi, United Arab Emirates
- INTOSAI Compliance Audit Subcommittee, New Delhi, India
- 51st ASOSAI Governing Board, Bali, Indonesia
- 14th AFROSAI-E Governing Board, Nairobi, Kenya
- 10th EUROSAI Congress, Istanbul, Turkey
- UN/INTOSAI Symposium, Vienna, Austria

## IDI NEWS AND EVENTS

The **IDI Board Meeting**, held in Oslo, Norway, earlier this year included Dr. Margit Kraker, President, Austrian Court of Audit and INTOSAI's Secretary General, along with Mr. Kimi Makwetu, Auditor General of South Africa and Chair of the INTOSAI Capacity Building Committee. Ms. Marta Acosta Zuniga, Costa Rica's Auditor General, attended as an observer and incoming IDI board member.

During the meeting, the board approved several documents, including the 2016 performance and accountability report, annual report and financial statements; bilateral policy, complaints framework and corporate risk register. Directly following the meeting, IDI received an unqualified audit report.

**IDI Bids Farewell** to several staff members this year, and we wish them the best in their new endeavors! *Mr. Celestin Ankamtsene*, Manager Capacity Development (IDI-CREFIAF); *Mr. Henry McGregor*, Manager, IDI Capacity Development; *Ms. Yngvild Herje Arnesen*, Deputy Head of the INTOSAI-Donor Secretariat; *Ms. Camilla Fredriksen*, Senior Adviser, INTOSAI-Donor Secretariat; and *Mr. Shourjo Chatterjee*, Strategy and Knowledge Manager.

**Welcome New IDI Colleagues.** *Mr. Ole Schøyen*, Head of Administration and the INTOSAI-Donor Secretariat; *Ms. Kerry Crawford*, Manager, Global Call for Proposals; *Mr. Alain Roger Memvuh Lindouyou*, Manager, Capacity Development (IDI-CREFIAF); *Mr. Freddie Yves Ndjemba*, Manager, Capacity Development (IDI-CAROSAI); and *Ms. Dafina Dimitrova*, Manager, Global Call for Proposals in the INTOSAI-Donor Secretariat.

## UPCOMING EVENTS

- IDI-OLACEFS eLearning Course for LMS Administrators, July-September, Online
- OLACEFS Product Adaptation Meeting, August 2-11, Lima, Peru
- Stakeholder Strategy Development, August 7-18, Kingston, Jamaica

## CONTACT IDI

Get IDI's latest news and events, recommended readings and more online at [www.idi.no](http://www.idi.no).

For more information, reach out to IDI:

Telephone: +47 90711020

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





## MATCHMAKING AND THE INTOSAI-DONOR COOPERATION—A PERSONAL REFLECTION

by Martin Aldcroft, Head of the INTOSAI-Donor Secretariat



After serving the INTOSAI-Donor Secretariat (IDS) for six years, this is, perhaps, the last article I will write as a member of this inspirational organization. Mr. Ole Schoyen now leads IDS, along with a team comprised of several new

staff members. I will remain with the INTOSAI Development Initiative (IDI)—hoping to help the new IDS team avoid similar mistakes I made and hoping to provide solutions to potential future missteps.

In this article, I give my personal thoughts and reflections on INTOSAI-Donor Cooperation (Cooperation). Why is it needed? What has it achieved to date? What could, and should, it do in the future?

### INTOSAI-DONOR COOPERATION—THE NEED

Providing support to developing countries is hard. Challenges arise from differing priorities between those providing support and those in need of it. Difficulties also stem from the sheer volume of organizations, all well-meaning, who want to lend support.

In many developing nations, the landscape is littered with a variety of donors, including Non-Governmental Organizations at the national level in addition to peer support through Supreme Audit Institutions (SAIs) that,

frequently, have no national-level presence. The goal—to ensure all support adds up to more than the sum of its parts. Too often, in the past, the opposite has been true.

In my experience in Vietnam, working on an EC-funded project with the State Audit of Vietnam (SAV) from 2006-2007, numerous donors and SAIs provided simultaneous support, including the Cooperation, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the World Bank, Asian Development Bank and the SAIs of Denmark, Hungary and Norway.

Projects overlapped heavily, and coordination mechanisms were weak or non-existent. The SAV was receiving advice from multiple sources using multiple approaches. There were no performance audit International Standards of Supreme Audit Institutions (ISSAIs) we could all get behind. I am certain the end result for the SAV was one of confusion. After speaking with technical advisors operating in other countries, I realized this chaos was the norm, not the exception.

Prior to that, in 2004, I was fortunate to be involved in a project supporting the SAI in Sierra Leone. As an enthusiastic junior on the team, I found myself reviewing the draft program document designed to formulate the undertaking's expectations. It was a tangled mix of activities and results that we wanted the SAI to achieve. I couldn't wrap my head round it...were WE setting goals for the SAI?

The answer surprised me, though it probably shouldn't have. The SAI had no projected future path, no defined results. In short, there was no strategic plan. Rather than aligning behind a SAI-led strategy, we were driving the process based on our priorities. This, too, turned out to be a common problem replicated on projects in many other countries.

Globally, the development community began waking up to these issues. The Paris Declaration (signed in 2005) led to countries agreeing on principles intended to improve how aid was provided, specifically developing country ownership, donor alignment, harmonization of support, managing for results, and mutual accountability.

The INTOSAI and Donor communities embraced these principles in 2009 when 15 Donors and INTOSAI signed a Memorandum of Understanding (MoU) aimed to increase

and improve SAI support. Thus, the Cooperation was born. All agreed to ensure support was synchronized or coordinated to avoid overlaps and confusion. And, all committed to support INTOSAI’s strategic priorities, such as the International Standards of Supreme Audit Institutions (ISSAIs).

The Cooperation became the principal forum for discussions between INTOSAI and Donor communities around the shared goal of strengthening SAIs to improve governance, fight corruption and contribute to better lives for citizens. The Cooperation helps communicate the message on SAI importance; advocates to deliver support according to MoU principles; and seeks to change the behavior of those receiving and providing support. The Cooperation also addresses pertinent issues on strengthening SAIs; carries out and disseminates research findings to improve SAI support; and is provides and promotes continual lesson learning.

**INTOSAI-DONOR COOPERATION—THE ACHIEVEMENTS**

As the Cooperation progressed, emphasis on better understanding SAI needs and performance also advanced. Gradually, we learned how SAI performance was transforming and whether provided assistance was contributing to improvement.

The SAI Performance Measurement Framework (PMF) was created to enable SAIs to comprehend and measure performance over time. As more SAIs undertake SAI PMF assessments, the information pool expands, allowing the Cooperation

to see changes over time and answer crucial questions, such as did the resource expenditure contribute in ways that truly matter for citizens?

**Major Milestone: Matchmaking**

The Cooperation has accomplished numerous achievements. One of the most important part of the Cooperation’s work, in my opinion, is the matchmaking process—uniting a SAI (or groups of SAIs) having specific development needs with a donor and/or INTOSAI support provider.

The Cooperation began matchmaking roughly seven years ago with a concerted effort to mobilize donor and INTOSAI funding for several high-priority global and regional initiatives. The ISSAI Implementation Initiative (3i program) was kick started with a World Bank grant. The Department for International Development (DFID) backed IDI to implement the INTOSAI Capacity Building Committee’s guides and support. Switzerland supported SAI strategic planning work in French-speaking African SAIs (CREFIAP), as did the Inter-American Development Bank in the Caribbean Organization of Supreme Audit Institutions (CAROSAI) region. The success of these initiatives led greater opportunities for all SAIs, INTOSAI regions and INTOSAI committees to seek support benefitting SAIs in developing countries.

**Major Milestone: Global Call for Proposals**

The biggest, most fundamental shift in the way we provide support to SAIs is through the Global Call for Proposals (GCP), where recipient SAIs define needs and write proposals. Prior to this approach, a dialogue between donors and recipients took place, agreements were reached, and, often, donors drafted the proposals that they were prepared to fund.

Having worked several years in a donor organization prior to my tenure with IDS, I have seen a wide variety of practices ranging from excellent dialogue, donor staff who really listen, and proposals that were jointly- or SAI-led to donors pushing personal agendas and developing entire project proposals with no SAI involvement whatsoever. Initially, there was some resistance to the new method of project proposal development. It was risky. Would SAIs have the time, skills, experience? With some support (and a lot of practice), SAIs have been articulating needs and putting them forward since 2011.

We realized we were asking SAIs to develop proposals with no guarantee that, in the end, they would be funded, particularly since very few donors could support large-scale infrastructure projects. Yet, some themes, such as ISSAI-based cooperative audits, SAI PMF assessments and strategic planning initiatives, were hugely successful.

Ensuring proposals were (1) of sufficient quality and (2) targeted areas were considered a priority to donors



were additional challenges. All in all, nearly half of the proposals received some form of support in both the 2011 and 2013 GCPs.

The GCP also resulted in Cooperation cohesion, as it required each side to bring its “A” game. Donors wanted proof, “Show us high quality, strategic proposals we can support.”

Quoting the popular phrase from the movie Jerry Maguire, INTOSAI responded (with over 50 proposals), “Show me the money!” Checkbooks opened. Projects started.

Matching and project mobilization is, of course, a slow process. Many years pass between a project start date and resulting impact, such as changes in SAI activities and performance that make a difference to a government and its citizens.

However, we are now beginning to see the fruits of our labor—not just better audits and greater transparency, but better government debt management, revenue collection, environmental protection and service delivery. We are now at a point where we can communicate the success of our work, to show its true value, and, hopefully, maintain support for strengthening SAIs in developing countries.

### INTOSAI-DONOR COOPERATION—THE FUTURE

The Cooperation has entered a new, exciting phase. The 2015 evaluation gave us a lot to think about. As the Cooperation is a learning organization, we spent 2016 reviewing strategies in key areas to develop lessons learned and best practices. Now, in 2017, we are in full implementation mode.

The relaunched GCP is key to the Cooperation’s future success. The need to retain all-inclusive opportunities and really focus on reaching the hardest to reach SAIs (those in “challenged” environments) led to the creation of a two-tiered approach. Tier 1, which commenced in March, is now a rolling process (no longer time-bound), allowing SAIs to apply for support when it best suits the SAI’s needs. MoU principles are now at the heart of the GCP.

Tier 2 is a completely new approach that focuses on SAIs in challenged environments, SAIs that are not well-equipped to articulate needs and mobilize support. The list Tier 2 target SAIs, which includes the Central African Republic, Democratic Republic of Congo and Somalia, demonstrates the Cooperation’s intention to make a difference in some of the world’s poorest and most dangerous countries.

The risk of failure is very real, but the potential to make positive change is equally huge. This process requires commitment, long-term partnerships and effective relationship building in an environment typified by strong opposition to SAI reform.

---

*“The risk of failure is very real,  
but the potential to make positive  
change is equally huge!”*

—Martin Aldcroft

---

In addition to the GCP, the Cooperation will increase its communications work, promoting the importance of SAIs, the MoU principles and the organization itself. We will move into a new phase centered on results...real results, results that encourage behavioral change in the direction of the MoU principles.

The Cooperation will continue seeking success stories to share with our community, successes on how projects were matched and how these matched projects illustrate proven results that benefitted citizens and good governance.

Evaluations still need work. It seems that, too often, many evaluations are completed solely for accountability purposes, with the project itself the focus. From these types of assessments, we learn little about improving service delivery. Evaluations that emphasize SAI review leads to questions on whether and how the various forms of SAI support contributed to performance change. This requires greater coordination—between the SAI and all support providers. Cross-country evaluations, where evidence is used from a number of countries to answer hypotheses on what works (and what doesn’t) is also beneficial. However, when countries and SAIs differ so greatly, are lessons learned from one country applicable to all?

I look forward to the Cooperation’s growth, to watching the new IDS team build upon everything discovered thus far. These are indeed exciting times, and I am thankful that I have played a part in shaping the Cooperation, its mission, its success.

# IDI ENHANCES CAPACITY DEVELOPMENT THROUGH SUSTAINABLE DEVELOPMENT, FIGHTING CORRUPTION INITIATIVES

## AUDITING SUSTAINABLE DEVELOPMENT GOALS PROGRAM



The INTOSAI Development Initiative (IDI) launched the Auditing Sustainable Development Goals (SDGs) capacity building program in June 26, 2017. The program, currently offered to Supreme Audit Institutions (SAIs) in English speaking regions, aims to support

SAIs in conducting ISSAI-based cooperative performance audits of preparedness for SDG implementation in national contexts.

This audit, founded on a model that guides planning, conducting and reporting on a preparedness audit, is a first response in contributing to SDG implementation, follow-up and review as it gives SAIs a voice, as well as independent oversight to ensure they are not left behind.

SDGs, integrated and indivisible, require a whole of government approach—an overarching term to respond to problems associated with increased public sector fragmentation and a desire to enhance integration, coordination and capacity (Ling, 2002). The whole of government approach will be used to investigate early national efforts in SDG implementation.

The proposed audit objectives align to the voluntary common reporting guidelines for national reviews at the United Nations (UN) High Level Political Forum for Sustainable Development (HLPF).

**1** **Audit Objective 1**—To what extent has the government adapted the 2030 agenda into its national context?

**2** **Audit Objective 2**—Has the government identified and secured necessary resources and capacities to implement the 2030 Agenda?

**3** **Audit Objective 3**—Has the government established mechanisms to monitor, follow-up, review and report on progress towards implementing the 2030 Agenda?

Implementing SDGs requires the involvement of a wide variety actors, both government and non-government. As such, this preparedness audit will also involve intense and wide stakeholder engagement throughout the process to examine participation, involvement and collaboration between the various stakeholders in mainstreaming the 2030 Agenda and mobilizing resources and employing appropriate mechanisms.

Since this will be the first audit carried out on SDGs, IDI generally recommends SAIs examine the three audit objective questions across the entire agenda. However, if SAIs wish to have a narrower audit scope, it is possible to tailor the audit objectives to consider specific goals and targets.

## SDG MENTORING, E-LEARNING

IDI held a mentor training and eLearning development meeting in Kingston, Jamaica, in March 2017. Mentors representing the SAIs of Belize, Bhutan, Cameroon, Macedonia, Malawi, Malaysia, Philippines, St. Lucia, Tonga and the United States took part, as did mentors from United



Nations Department of Economic and Social Affairs and Canadian Comprehensive Auditing Foundation. During the first week, mentors were exposed to such topics as the 2030 Agenda; auditing preparedness to implement Sustainable

Development Goals (SDGs) using the IDI-Knowledge Sharing Committee audit model; and IDI's eLearning methodology. The second week of training included learning to design and develop eLearning courseware for a performance audit on preparing for SDG implementation.

## SAI FIGHTING CORRUPTION PROGRAM

Corruption—the misuse or the abuse of public office for private gain. It comes in various forms and a wide array of illicit behavior, such as bribery, extortion, fraud, nepotism, graft, speed money, pilferage, theft, embezzlement, falsification of records, kickbacks, influence peddling, and campaign contributions.

Corruption causes damage to public institutions ranging from financial and performance loss to loss of reputation and credibility. Corruption also results in hardship to citizens and compromises services delivered.

SAIs can be key players in the fight against corruption!

By virtue of oversight functions, SAIs can help create an environment that enables good governance through mechanisms, such as audits, reporting and publicizing audit findings and risks, building robust and effective internal controls.

As public institutions, it is important SAIs lead by example. SAIs have a role, a responsibility to report and follow up when encountering corruption during the course of audits and are required by ISSAI 30 to have, and implement, a code of ethics.

In the 2014 Global Survey a high volume of responses indicated considerable challenges in fulfilling mandates on preventing, detecting and reporting corruption.

Based on these data, 98 SAIs and seven INTOSAI regions have established the prevention of corruption as a priority, as has the IDI.

Last year, IDI devised important developments affecting the SAI Fighting Corruption Program:

- Revised cooperative audit model that looks at SAI commitment and readiness; and
- Focus on SDG 16 (particularly 16.5 related to the fight against corruption). As such, the audit component will be linked to the Auditing SDGs program.



## SAI FIGHTING CORRUPTION PROGRAM LAUNCH

The IDI kicked off the SAI Fighting Corruption capacity development program May 29, 2017, with the initiation of the eLearning Course on “Audit of Institutional Framework for Fighting Corruption.” Twenty SAIs from English speaking regions have already signed up for program, which will be delivered in Arabic, French and Spanish in 2018.

To help achieve the program’s primary objective to increase SAI effectiveness in fighting corruption, program resources will focus on:

**SAI Leading by Example in Implementing ISSAI 30- Code of Ethics**—Program participants will undergo a self-directed, two-week eLearning course based on guidance and materials using the revised ISSAI 30 that was endorsed at the XXII INCOSAI in Abu Dhabi. At the end of the course, students will prepare an action plan to implement ISSAI 30 for their SAI.

**Audit of Institutional Frameworks for Fighting Corruption**—This is an 8-week mentor-led eLearning course focusing on preventing corruption that may affect SDG achievement. SAIs will conduct cooperative ISSAI-based performance audits looking primarily at institutional framework strength at the whole of government level. The audit model, linked to SDG 16, also considers the impact of corruption on gender and the importance of stakeholder engagement.

**SAI-Stakeholder Platform for Fighting Corruption**—This is a SAI-level engagement whereby IDI selects a handful of SAIs to support in establishing or enhancing SAI-stakeholder platforms for fighting corruption. This component is set for delivery in 2019. The IDI will support selected SAIs in setting up or enhancing SAI-stakeholder platforms for fighting corruption.

**AUGUST 2017**

- 8-11 20th PASAI Congress—*Funafuti, Tuvalu*
- 23-25 9th Meeting of the KSC Steering Committee—*Bali, Indonesia*

**SEPTEMBER 2017**

- 6-8 10th Meeting of the Working Group on Value and Benefits of SAIs (WGVBS)—*Mexico City, Mexico*
- 11-14 3rd Young EUROSAI (YES) Conference—*Tallinn, Estonia*
- 11-14 INTOSAI Working Group on Environmental Auditing (WGEA) Meeting—*Washington, D.C.*
- 18-20 Capacity Building Committee (CBC) Meeting—*Washington, D.C.*
- 20-21 INTOSAI-Donor Cooperation Steering Committee (IDSC) Meeting—*Washington, D.C.*



After positive feedback from participants in 2016, this year's CBC and IDSC annual meetings will be contiguous, and CBC members and stakeholders will be invited to Washington, D.C., to participate in the events hosted by the Worldbank. The program, that incorporates standard agenda items, will also include new inspiring elements. This year's themes will be "INTOSAI Strategy for Capacity Development" and "Supporting SAIs in Fragile Situations" (a synergy session for both CBC-IDSC). For more information, contact the CBC Secretariat at [secretariat@intosaicbc.org](mailto:secretariat@intosaicbc.org) or the IDC Secretariat at [idosai.donor.secretariat@idi.no](mailto:idosai.donor.secretariat@idi.no).

- 22 INTOSAI Policy, Finance and Administration (PFAC) Meeting—*Washington, D.C.*
- 25-28 INTOSAI Working Group on Extractive Industries (WGEI)—*Washington, D.C.*

**OCTOBER 2017**

- 3-7 OLACEFS General Assembly—*Asunción, Paraguay*

*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 region-wide 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 will be included according to space available. For additional information, contact the Secretary General of each regional working group. For contact information visit <http://www.intosai.org/regional-working-groups.html>.