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INTERNATIONAL Journal

of GOVERNMENT AUDITING

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The *International Journal of Government Auditing* is published quarterly (January, April, July, October) in Arabic, English, French, German, and Spanish on behalf of INTOSAI (International Organization of Supreme Audit Institutions). The *Journal*, which is the official organ of INTOSAI, is dedicated to the advancement of government auditing procedures and techniques. Opinions and beliefs expressed are those of editors or 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)

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.

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

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<http://www.intosaijournal.org>



Revitalizing the Journal:

Adding new content and resources
for the auditing community.

Editors of the *International Journal of Government Auditing*

For almost forty years, since its inception in 1974 as a quarterly publication printed in INTOSAI's five official languages, this *Journal* has endeavored to foster meaningful communication among government auditors.

Through its printed pages, the *Journal* has created a community among INTOSAI members, one where supreme audit institutions (SAIs) can express common concerns and challenges, as well as best practices forged from experience.

INTOSAI's Communication Policy, adopted by the XIX INCOSAI, also focuses on the benefits of encouraging among INTOSAI members the free flow of information, ideas, experience and knowledge.

In this spirit, and in keeping with INTOSAI's motto that "mutual experience benefits all," *Journal* contributors and readers share informed ideas that can be applied individually, regionally, and across the globe.

Planning for the Future

While the printed *Journal* is a valuable tool for strengthening INTOSAI knowledge sharing and capacity building, we believe that our publication can transcend its pages and become a stronger web presence and a more interactive resource.

As part of this quest to better serve the INTOSAI community, we plan to integrate updated tools and technologies, and additional content, into our website. The *Journal* is looking at ways to add resources such as photo galleries, and audio and video clips, from various INTOSAI events. Other possible features include resource sections, and topic pages for subjects such as INTOSAI working groups, task forces, congress reviews, audit profiles, case studies, and best practices.

Editorial

Additional content and more interactive technologies would increase the value of the *Journal's* website to its readers. For example, discussion forums dedicated to specific articles or topics would enable readers to discuss the material presented, and interviews with the authors of technical articles would provide a venue for further dialogue. Such features would offer readers enhanced opportunities for clarification and collaboration.

In addition to expanding our content and resources, we hope to raise awareness of our website in order to increase our availability to readers throughout the auditing community. While all SAIs will continue to receive print copies of the *Journal*, we are now asking other entities, such as academic institutions, libraries and private individuals, to experience the *Journal* online at <http://www.intosajournal.org>. Readers can also sign up for a free subscription at <http://www.intosajournal.org/subscribe.html>.

Seeking input from our readers

The *Journal* thrives on content we receive from INTOSAI members and others in the public auditing community, and these contributions are what make this publication such a valuable knowledge sharing platform.

Contributions to the *Journal* can take many forms, and in each issue readers can expect the following:

Editorials: In an editorial, heads of SAIs and leaders of other accountability organizations and partner institutions have the chance to express views and thoughts on issues that are of particular concern to our community. Often provocative, editorials provide a “view from the top” and have been invaluable in framing discussions and advancing INTOSAI’s goals.

Technical articles: In keeping with the *Journal's* use as a teaching tool for audit practitioners, articles most likely to be accepted are those that deal with practical issues facing government auditors. For example, we welcome case studies that describe knowledge learned from actual work experience, including audit techniques and methodology.

News in Brief: SAI news items on numerous topics including but not limited to the following: announcements of new auditors general (biographical information and photographs), annual audit reports, special SAI reports and publications, new audit and evaluation methodologies, new audit legislation or developments in an SAI’s mandate, and training and professional development programs conducted by SAIs.

Inside INTOSAI: Here readers find news about the work of INTOSAI’s committees, working groups, and task forces, as well as reports from its seven regional working groups, the General Secretariat, and other special programs. In advance of each issue, *Journal* staff solicit items for this section directly from the heads of these groups. In all cases, we publish contact details so readers can learn more about INTOSAI’s work and programs.

Other regular features: Staff responsible for the INTOSAI Development Initiative (IDI) prepare regular updates on its work. Each issue of the *Journal* also features a calendar of regional and INTOSAI-wide events.

As we embark on a plan to upgrade our publication, enhancing the utility of the *Journal* to our readers remains our primary consideration. Please continue to contact *Journal* staff with your ideas, questions and proposed material, as we are happy to work with you throughout the submission process.

Because the *Journal* is designed to inform and engage a diverse audience of auditors general, public auditors, and others in the global accountability community, we would like to ask you how we can make our publication more relevant to your needs:

- What information and features would you like to see in the *Journal's* website?
- What types and forms of content would best serve and support the common endeavors of SAIs?

We hope to hear from you as we continue to craft a platform for open, transparent communication, one designed to advance the profession of public auditing.

To provide your input, please contact the *Journal*:

E-mail: intosaijournal@gao.gov

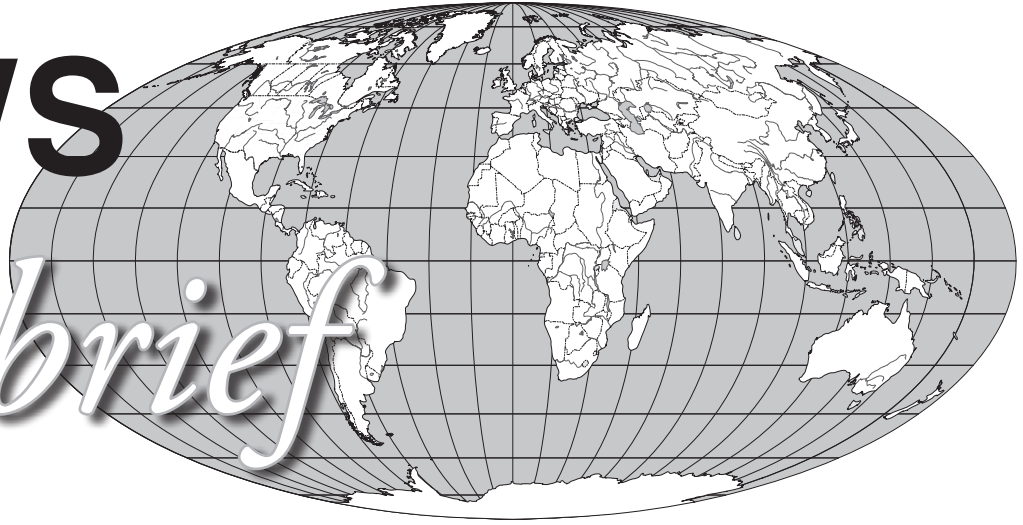
Website: www.intosaijournal.org

Telephone: 1.202.512.4707 or 1.202.512.2593

NEWS

IN

brief



Chile

OECD hosts workshop at SAI of Chile

In July 2013 a workshop was held by the Organisation for Economic Co-operation and Development (OECD) as part of the peer review of the Office of the Comptroller General of the Republic of Chile. The workshop discussions focused on the design of strategies to establish better control, understand citizen participation as a key factor in that control, and implement mechanisms to transform SAIs into promoters of good governance.

The meeting took place in the context of the agreement that the Chilean SAI signed with the OECD in September 2012. This agreement aims to raise standards of control and move the Chilean SAI to a citizen-focused management model.

Representatives from the SAIs of Brazil, Colombia, Italy, Korea, Mexico, Peru, and South Africa and from the European Court of Auditors participated in this meeting, along with representatives of the OECD and the Chilean SAI.

During the meeting, participants reached the following conclusions:

To address the problem of management measurement, SAIs need to identify how they determine what will be analyzed, and who will be responsible for measurement processes. To achieve this goal, SAIs must establish flexible organizational structures that can adapt to changing demands. Finally, SAIs must be mindful of their role in improving the quality of government, without compromising their role as autonomous and independent entities.

For additional information, contact the Chilean SAI:

E-mail: relacionesinternacionles@contraloria.cl
Website: <http://www.contraloria.cl>

Iraq

President of SAI elected Deputy Chairman of ARABOSAI Executive Council

Dr. Abdul Basit Turki Said, President of the Iraqi Federal Board of Supreme Audit (FBSA), was elected deputy

chairman of ARABOSAI's Executive Council for the current term. He chaired a delegation to attend the meetings of the Council and General Assembly that were held in Kuwait on July 25. During this meeting, Iraq was selected for the first time to host the next General Assembly, due to be held in 2016.

Annual Report for 2012 published

FBSA audit work encompasses many aspects to fulfill the objectives in its authorizing legislation, as well as the legal requirements of the Financial Management and Public Debt Act. It is required to inform the legislature and the executive of the results of its audit work in annual and quarterly reports to responsible ministries and authorities. For fiscal year 2012, a four-chapter annual report on audit results and the FBSA's activities was submitted. The first chapter covers common audit observations on state administration, while the second lists the most significant results of legality, performance, specialized, and contract audits. The third chapter analyzes the results of the execution of monetary and financial policies and plans. The

fourth chapter lists the results of the work of the FBSA's departments and offices according to the annual plan for 2012. It also discusses the most important problems and obstacles hindering the execution of its work, and ways these can be overcome in the future. This report and its attachments are available on the FBSA's official website.

MOU on peer review with the Netherlands Court of Audit

In 2012 a memorandum of understanding (MOU) was signed between the FBSA and the Netherlands Court of Audit (NCA) to conduct peer review of the FBSA in regard to performance evaluation.

This process aims to provide an independent opinion on FBSA work by evaluating performance, and by complying with ISSAIs and best practices in accordance with national work standards and requirements. The MOU also specifies opportunities to improve the FBSA's performance evaluation, including its scope of quality control.

FBSA works with NCA on performance evaluation

In 2011 the Federal Board of Supreme Audit (FBSA) of Iraq held a workshop on needs assessment and capacity

building for its employees. As a result of the workshop, a set of training programs was developed to address identified needs, including a program on performance evaluation to be managed by the Netherlands Court of Audit (NCA).

During this program, six workshops were held with NCA experts on performance evaluation. The first workshop was held in May 2011 and the last was held in June 2013.

Forty employees of the FBSA attended the workshops, which covered the following topics:

- NCA's and FBSA's experience in performance evaluation
- The requirements and procedures of the three stages of performance evaluation (planning, implementation, and reporting) according to the standards and instructions of INTOSAI
- A plan to prepare a performance evaluation guide according to operational directives for performance of financial control and INTOSAI's practical experience
- Plans for participants to apply the prepared guide

As a result of the workshops, a performance evaluation guide was prepared that focuses on developing a mechanism, using strategic planning and risk metrics to select

evaluation subjects, to evaluate either policy goals or the impact of specified governmental programs on society.

The guide was discussed during FBSA meetings, and training courses were held to explain the new performance evaluation methodology to FBSA staff.

At the last workshop held in June 2013, NCA experts and the participants assigned to work on education, oil, and health policies presented summaries of the guidelines, as well as aspects of cooperation between the FBSA and NCA since the beginning of the cooperation.

At the end of the workshop, it was agreed that the teams would submit their final reports to the NCA expert group for study and observations.

The NCA team identified next steps for the cooperation, including holding future workshops and conducting pilot audits on other institutions (such as Defense, Interior, Foreign Affairs, and the General Secretariat of the Council of Ministers) in accordance with the amended performance evaluation guide.

For additional information, contact the FBSA:
E-mail: bsa@d-raqaba-m.iq
Website: www.d-raqaba-m.iq

What would you like to see in the Journal?

E-mail us at intosaijournal@gao.gov

<http://www.intosaijournal.org>

Japan

Board of Audit appoints new president and commissioner

Teruhiko Kawato, Commissioner of the Board of Audit of Japan, assumed office as President of the Board on August 8, 2013, succeeding Hisashi Yamaura, whose mandate expired on May 10, 2013.



Teruhiko Kawato will serve as the new President of the Board of Audit of Japan.

Before assuming his current position, Mr. Kawato had served as Commissioner of the Board since March 2013 and as Acting President since Mr. Yamaura's retirement. Mr. Kawato joined the Board in 1976 and held many positions within its General Executive Bureau.

Prior to his appointment as Commissioner in 2013, he was the Board's Secretary General.

On August 1, 2013, Mari Kobayashi was appointed as Commissioner of the Board. Before her appointment, Dr. Kobayashi had been a professor in the Graduate School of Political Science at Waseda University in Tokyo.

For additional information, contact the Board of Audit:

E-mail: liaison@jbaudit.go.jp
Website: <http://www.jbaudit.go.jp/English>

Malta

Auditor General and Deputy Auditor General reappointed for second term

Effective August 7, 2013, the President of Malta reappointed Anthony C. Mifsud to a second five-year term as the Auditor General of Malta, in accordance with the Constitution of Malta. This appointment followed unanimous approval by Parliament. In addition, Charles Deguara was reappointed for a second five-year term as Deputy Auditor General, effective November 3, 2013.

From 2004 to 2008, Mr. Mifsud was Permanent Secretary at the Ministry for Resources and Infrastructure. He served as Director General at the Office of the Prime Minister (OPM) in charge of Defense, Information, and the Planning and Priorities Coordination Division (which is responsible for the efficient management of European Union (EU) funds and bilateral funding programs) from 1997 to 2004.

In 1990, he set up the Staff Development Organization and the central government's training arm, and was its first Director until 1997. He was also a member of the Executive Committee of the Standing Conference of the European Public Service Training Agencies, which he chaired from 1994 to 1998.

In total, he served at OPM for 35 years.

Before assuming his current post, Mr. Deguara was Permanent Secretary at the Ministry for Justice and Home Affairs, serving from 2004 to 2008. As Chairperson of the Schengen Strategic Task Force, he played a key role in ensuring the coordination of Malta's timely and successful implementation of requirements for successful accession to the Schengen zone in December 2007. From 2002

to 2004, Mr. Deguara served as Director General at the Land and Public Registry Division and, from 2001 to 2002, was the Director (Office of Review) within the Ministry for Home Affairs. One of his major assignments within that office was the overall management of the successful EU pre-accession project entitled "Strengthening Malta's Capacity in Border Control and in the Area of Asylum."

Mr. Deguara also served for nearly 10 years at the Budget Office in the Ministry of Finance.

For additional information, contact the SAI of Malta

E-mail: nao.malta@gov.mt
Website: <http://www.nao.gov.mt>

Myanmar

Amendment to the Auditor General Law

After a round of parliamentary approval and comments from the president of Myanmar in October 2012, the final draft of the law amending the Auditor General of the Union Law was signed and enacted on January 21, 2013. The majority of Parliament representatives were in favor of the amendments.

In the amended law, the auditor general is required to report at least annually to the Parliament on the audit findings for the state's budget.

The auditor general is also required to report simultaneously to the president and to the Parliament.

The amended law also adds language requiring that the auditor general report to the Parliament on assignments from the Parliament to inspect the work of national organizations, ministries, and government departments and organizations.

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

E-mail: auditorgeneral@mptmail.net.mm

Website: <http://www.oagmac.gov.mm>

New Zealand

Secondment program with Chief Auditor of Samoa

Working to develop public auditing capacity in the Pacific is part of the New Zealand SAI's commitment to the Pacific Association of Supreme Audit Institutions (PASAI). The New Zealand Controller and Auditor-General, Lyn Provost, is Secretary-General of PASAI.

In 2012 she agreed to host the Chief Auditor of Samoa, Fuimaono Camillo Afele, and five of his staff on a secondment program aimed at capacity building of the Samoa Audit Office.

New Zealand has a special relationship with Samoa. Twinning arrangements between Pacific audit offices, Australian audit offices, and the New Zealand SAI have been agreed to as part of a broader program to complement other capacity-building activities of PASAI.

The New Zealand SAI has made a commitment to supporting Samoa as part of these arrangements.

From February to May 2013, New Zealand staff provided coaching, mentoring, and training to senior Samoa Audit Office staff, and the Chief Auditor shadowed the Controller and Auditor-General over a two-week period. The Samoan staff had the opportunity to observe and learn about the New Zealand approach to public auditing and to compare and contrast this to its own way of working.

Providing practical experience gave the Samoan staff members useful insights, while evaluating and discussing differences helped to extend their auditing skills and knowledge.

The focus of the arrangement is now on enhancing and sustaining the learning that took place. Later this year, New Zealand staff will visit Samoa to provide on-site training and assistance in the areas of performance auditing and carrying out whole-of-government audits.

The Samoa Audit Office has also engaged experts in other focus areas to build on the knowledge gained from the New Zealand secondment program.

Improving the quality of public sector auditing in Samoa will have benefits for the Samoan people and is expected to contribute to improved transparency and accountability in managing and using public resources in the Pacific region.

Using ISSAI X to develop SAI Strategy

In July 2013, Lyn Provost, the Auditor-General of New Zealand, approved the new strategy for the SAI of New Zealand for 2013–2017. The key objectives set out in the exposure draft of ISSAI X, *The Value and Benefits of Supreme Audit Institutions—Making a Difference to the Lives of Citizens*, have been used to develop the strategy.

ISSAI X is expected to be formally endorsed by the INTOSAI community in October 2013 at the XXI INCOSAI.

The New Zealand strategy includes the following strategic goals:

- Stronger public sector
 - Strengthening accountability, integrity, and transparency in the public sector
- Model organization

- Being a model organization through leading by example
- Citizen focus
 - Demonstrating ongoing relevance to citizens and other stakeholders
- Position for the future
 - Addressing fundamental questions and issues and exploring options for auditing and accountability in the public sector

The first three of these four strategic goals are taken from ISSAI X. In using these goals, the Auditor-General of New Zealand considered that ISSAI X's key objectives provided an excellent framework for her new strategy.

For additional information, contact the SAI of New Zealand:

E-mail: enquiry@oag.govt.nz
Website: <http://www.oag.govt.nz>

Poland

New president for NIK



Krzysztof Kwiatkowski will serve as Poland's new SAI President.

On August 27, 2013, Krzysztof Kwiatkowski assumed the presidency of the SAI of Poland (NIK). He succeeds Jacek Jezierski, whose six-year tenure ended on August 22.

Mr. Jezierski served as the sixth head of the NIK after the Polish democratic transformations of 1989.

Krzysztof Kwiatkowski graduated from the Faculty of Law at the University of Warsaw. He was an activist in the Independent Students' Union and a member of its management. From 1997 to 2001, he was Advisor and Secretary to Prime Minister Jerzy Buzek.

In 2006, he was elected as a member of the Provincial Assembly of Łódź Province, and the following year he was elected to the Senate, the upper house of the Polish Parliament.

In February 2009, Kwiatkowski became Secretary of the State in the Ministry of Justice and, in October 2009, he was appointed Minister of Justice and Prosecutor General. In 2011 he was elected a Member of the Sejm, the lower house of the Polish Parliament.

For additional information, contact the NIK:

E-mail: wsm@nik.gov.pl
Website: <http://www.nik.gov.pl>

Romania

Official visit of the Chairman of the SAI of Korea and Secretary General of ASOSAI

Dr. Yang Kun, the Chairman of the Board of Audit and Inspection of Korea and Secretary General of ASOSAI, paid an official visit of to the Romanian Court of Accounts on June 27–30, 2013.

The main purpose of the visit was to exchange views and professional experience in public audit. At the conclusion of the meetings, the heads of the SAIs signed a memorandum of understanding between the two SAIs to develop bilateral relations.



Dr. Yang Kun (left), head of the SAI of Korea, and Nicolae Vacariu, President of the Romanian Court of Accounts, sign a memorandum of understanding between their SAIs.

For additional information, contact the Romanian Court of Accounts:

E-mail: international.romania@rcc.ro
Website: <http://www.curteadeconturi.ro>

Slovak Republic

SAI celebrates 20 years

The Supreme Audit Office (SAO) of the Slovak Republic commemorated the 20th anniversary of its founding in April 1993 with a series of events held April 3-5, 2013, in Bratislava.

The SAO welcomed 40 foreign guests, who took part in a seminar, and organized an open day for the public and a press conference for mass media. The President of the Slovak Republic participated in a special session of the program.

During the open day event, the SAO was visited by those who wanted to explore issues or provide information to the office. These visitors included university students whose diplomas or undergraduate courses were connected with SAO activities. Journalists also visited the SAO office.

The SAO is, in a sense, permanently “open” to the public now that all of its audit reports are available on its website.

At the conclusion of the first day's events, awards were presented to SAO employees.

On the second day of the program, a seminar on independent audit, entitled “The Role of the Supreme Audit Institutions in an Environment of Changing Socio-economic Conditions,” was held.

Participants included representatives of EUROSAI, INTOSAI, and other European SAIs, as well as domestic guests.

In his speech, Pavol Paška, Speaker of the National Council of the Slovak Republic, underscored the seriousness and credibility of the SAO's work by discussing audit as the fourth leg of democracy.

Robert Fico, the Prime Minister of the Slovak Republic, expressed his appreciation for the SAO's work in detecting shortcomings in local government, and underlined the SAO's international status.

The foreign guests, primarily the presidents or deputies of SAIs, evaluated the SAO's 20-year tenure from the viewpoint of changes in Europe as well as progress in the development of audit and its mechanisms.

After the seminar, the doors of the SAO were opened to the media. At the press conference, the SAO welcomed journalists from three television stations as well as 20 representatives of the mass media.

The event continued with a special event which opened with a speech by Ivan Gašparovič, President of the

Slovak Republic. Later, Ján Jasovský, president of the SAO, awarded 14 current employees and 13 former employees with memorial plaques. He also presented awards to two former SAO presidents—Štefan Balejčík and Jozef Stahl.

On the third day of the program, the foreign guests were welcomed by the Mayor of Bratislava, Milan Ftáčnik, into the Primate's Palace.

On the occasion of this anniversary, the SAO issued the publication *20th Anniversary of the Supreme Audit Office of SR 1993–2013*, which evaluates the work of the office and includes objective information, perspectives on audit development, and several speeches by foreign guests and former office presidents.

For additional information, contact the SAO:

E-mail: info@nku.gov.sk

Website: <http://www.nku.gov.sk>

Turkey

Training program on public administration and audit

From June 25–27, 2013, the Turkish Court of Accounts (TCA) held a three-day training program on public



Participants in the Turkish SAI's training program on public administration and audit for staff of the Albanian SAI, held June 25–27, attended presentations related to the Law on the Turkish Court of Accounts and external audit.

administration and audit for staff from the Supreme State Audit of Albania, within the framework of the cooperation agreement signed between the SAIs of Turkey and Albania on November 16, 2012.

A 19-person delegation headed by Gëzim Zilja, Director of Department of the Albanian SAI, took part in the training program.

During the first day presentations were made on the general framework of the Public Financial Management and Control Law and on reforms brought

about by the new public financial system.

Information related to the Law on the Turkish Court of Accounts and external audit constituted the theme of the second day, and a general evaluation and experience-sharing session was held on the third day.

At the end of the program, Recai Akyel, President of the Turkish Court of Accounts, awarded certificates of attendance to the participants.

Training Program on Value-for-Money Audit for the SAI of Mongolia

The Turkish Court of Accounts conducted a value-for-money (VFM) audit training program for a 10-person delegation from the SAI of Mongolia headed by Otgon Erdene, advisor to the Auditor General of Mongolia.

The program was carried out June 10–11, 2013, and its content was the same as that of the program provided to a Mongolian delegation in June 2012, which was explained in detail in the January 2013 edition of this *Journal*.



Participants in the Turkish SAI's training program on value-for-money audits for staff of the Mongolian SAI learned about basic principles and procedures of the value-for-money audit.

The training focused on the basic principles and procedures of the VFM audit, examples of implementation, audit standards, audits of disaster risk reduction, and a comparison of performance audit and performance evaluation.

For additional information, contact the Turkish Court of Accounts:

E-mail: int.relations@sayistay.gov.tr
Website: <http://www.sayistay.gov.tr>

Venezuela

New general standards on state auditing

Since the enactment of the 1999 Constitution of the Bolivarian Republic of Venezuela, the Venezuelan legal system has been amended to be more cohesive and harmonized.

The Office of the Comptroller General of Venezuela has, in accordance with provisions of its strategic plan for 2009–2015, strengthened the national fiscal control system by developing, updating, and unifying the legal and regulatory basis of its processes, especially those regarding state auditing.

On May 22, 2013, the Venezuelan SAI issued new General Standards on State Auditing.

In preparing these standards, principles established by INTOSAI and the International Standards for Supreme Audit Institutions (ISSAI) were considered, particularly those contained in ISSAIs 100, 200, 300, and 400.

The newly approved General Standards on State Auditing consist of 51 articles divided into eight chapters.

These revisions are primarily concerned with upgrading and relocating the regulatory provisions of the previous standards, and issuing new provisions and instruments to create uniform standards and consistent criteria in state auditing.

Major changes in the new standards include the following:

- The audit process is systematically conceptualized, pointing out issues to be considered in the planning, implementation, presentation of results, and monitoring phases to ensure their effectiveness, efficiency, and quality.
- Criteria for quality are established to ensure that work meets minimum generally accepted quality standards guaranteed by auditors and authorities involved in the audit process.
- Provisions aiming to include citizens in the auditing work performed by fiscal control public bodies are laid out. These are designed to achieve the audit objectives of supplying information on the quality of services provided by public sector bodies, contributing to the monitoring of the recommendations they make, and verifying compliance and corrective actions arising from the audit to strengthen citizen participation in public control management.
- There are obligations of auditors to adhere to the ethical principles and values provided in the new general standards, as well as in the standards governing the professional practice and the code of ethics of the public officials, are strengthened.

- Prohibitions of auditor practice in situations where conflicts of interest may affect the objectivity and impartiality of actions are established.
- Audit planning provisions related to issues to be considered in the preliminary assessment and analysis of the internal control system are provided. Matters referring to audit risks are also included.
- Deadlines are established for presenting results. Thus, a corrective action plan is submitted so the agency or entity assessed may implement the recommendations in the final report.
- Two new chapters are introduced. The first chapter develops aspects of the monitoring phase, such as evaluating and following up on the corrective action plan, and the second regulates matters concerning the development and protection of working papers and the requirements and conditions to be followed by external auditors and audit firms.

Public bodies that are members of the national system of fiscal control, chaired by the Office of the Comptroller General (for example, municipal and state comptroller offices, the Comptroller Office of the Bolivarian National Armed Forces, the National Superintendence of Internal Audit, and internal audit units in public entities), are to conform to the new standards to optimize the governance of control nationwide.

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

E-mail: contraloriavenezuela@gmail.com
Website: <http://www.cgr.gob.ve>

Yemen

New SAI President appointed for COCA



Abubakr Hussein Al-Saggaf is the new President of the Central Organization for Control and Auditing of Yemen.

On May 6, 2013 Abubakr Hussein Al-Saggaf was appointed President of the Central Organization for Control and Auditing (COCA) of Yemen by decree of the President of the Republic of Yemen.

He succeeds Abdullah Abdullah Alsanafi, whose term of office ran from 2003–2013.

After finishing his studies in law at the University of Aden in 1989, Judge Abubakr served in several state judicial and administrative positions.

He was a judge at the Court of Zanzibar–Abyan province for 10 years, from 1989–1999.

Al-Saggaf also presided over many other courts from 1999–2009. Before his appointment as COCA President, he was a member of the Board of

Directors of the High Authority for Tender Control from August 2009 until May 2013.

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India

KSC proposes Working Group on Audit of Extractive Industries

At the fifth Knowledge Sharing and Knowledge Services (KSC) Steering Committee meeting held September 16–17 in New Delhi, India, a proposal was approved for presentation to the Governing Board for the constitution of a new Working Group on Audit of Extractive Industries.

The new Working Group would promote extractive industries audit within the INTOSAI community. The Working Group would be an institutional anchor in INTOSAI, and would also serve as a key partner for any IDI or regional capacity developments in this field.

Extractive industries, which include oil, gas, and mining industries, currently generate about US \$3.5 trillion in annual gross revenue. This corresponds to around five percent of the global gross domestic product. A great portion of money involved in the extractive industries is public money. About 70 percent of world oil production, for example, lies in the hands of state-owned enterprises.

SAIs, depending on their legal framework and mandate, play an important role in the oversight of these enterprises. The strategic importance

of auditing Extractive Industries for SAIs was confirmed by responses to a questionnaire drafted by the INTOSAI-Donor Secretariat and discussed by 25 participating SAIs at an Extractive Industry (EI) workshop hosted by AFROSAI-E in February 2013. On the basis of those responses, SAIs also indicated a clear need for ways to enhance knowledge and capacity.

SAIs face challenges such as a lack of knowledge of the business processes of the extractive sector, a lack of capacity within SAIs, mandate limitations, and issues related to the training and retention of specialized staff. SAIs have communicated a need for the acquisition of auditing skills as well as an increased sharing of knowledge and experience, as many of them are currently relying on external consultants.

The proposal for the new Working Group will be presented this October at the INTOSAI Governing Board meeting and the XXI INCOSAI in Beijing. The KSC will also be seeking candidatures for chairing the working group and hosting its Secretariat.

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To learn more on this topic, read *Audit of Extractive Industries* in this issue's *INTOSAI-Donor Cooperation Update*, page 25.

Coordinated Audits as a Capacity Building Strategy

by Victor Hart, Luciano dos Santos Danni, Paula Hebling Dutra, Brazilian Court of Audit (TCU)

An international coordinated audit combines several audits on the same topic conducted by different SAIs in their respective countries according to an integrated planning approach. This strategy has traditionally been used to study transnational issues, such as environmental resource management. It has also been used in federal states to evaluate programs in which regional governments play an important (and usually complementary) role. The final report can thus provide a useful snapshot of how a specific issue is being dealt with at a national or regional level.

Recently, coordinated audits have also been used as a robust capacity-building mechanism. They allow methodological and technical knowledge to be applied to a real-life problem, resulting in a concrete product—the audit report—that is sector- and region-specific. This concept builds upon the INTOSAI Development Initiative (IDI) practice of using pilot audits as a component of an integrated impact learning strategy. Pilot audits and coordinated audits each provide distinct advantages; the latter facilitates close long-term collaboration among SAIs and the production of a consolidated audit report on a major regional issue.

The coordinated audit process offers multiple opportunities for capacity building. Auditors keep abreast of current methodology and deepen their knowledge of the specific subject matter involved in the audit through a combination of training approaches, such as online courses and in-person workshops. During the research and planning phases, outside experts familiar with the field and regional intricacies can play a key role in ensuring that auditors have the information and skills they need to conduct their work. In later phases, when the audit is being carried out and the results discussed, auditors can continue to glean insights through contact with these experts.

OLACEFS is consolidating a multifaceted capacity-building strategy centered on coordinated audits as a key component of its impact-learning approach. Thus far, it has proven successful. The strategy builds on guidelines from the Capacity Building Committee's *Guide for Cooperative Audit Programs Between Supreme Audit Institutions* and includes the acquisition of knowledge and skills during each phase of the audit process.

The phases can be summarized as follows, though adaptations can be made for each initiative:

1. Selection of a high priority audit topic
2. Feasibility study, including definition of audit type and refinement of scope and objectives
3. Audit planning and preparation
 - 3.1 Selection of audit teams and their coordinators
 - 3.2 Capacity building on audit techniques and tools (online and in-person)

- 3.3 Capacity building on the specific audit topic
- 3.4 Workshop or reference panel with specialists on the audit topic
- 3.5 Preliminary studies (national level)
- 3.6 Compilation/consolidation of the preliminary studies
- 3.7 Development of the audit plan (ISSAI compliant)
4. Audit execution in each country
 - 4.1 Monitoring of the audit schedule and plan
 - 4.2 Online meetings to exchange information on progress in each country
5. Technical meeting to discuss audit results and determine the structure of the consolidated report
6. Publication and dissemination of the consolidated report
7. Monitoring of recommendations
8. Critical assessment of the initiative as a whole and discussion about continuity of the cooperation efforts

The use of coordinated audits as a capacity-building strategy reinforces the contemporary government audit paradigm, in which audit work demands not only methodological skills but also expertise in the fields in which SAIs focus their audit work. Coordinated audit initiatives facilitate knowledge sharing and pooling of resources among SAIs with a view to deepening auditors' understanding of the audit topic at hand. The audit teams and coordinators can recruit specialized consultants, conduct in-depth preliminary studies, and hold reference panels and seminars.

International standards and best practices can be effectively disseminated to individual SAIs and auditors through the coordinated audit strategy. There is a growing consensus in the INTOSAI community regarding the importance of implementing the International Standards of Supreme Audit Institutions (ISSAI), and coordinated audits provide an ideal platform for this process. Coordinators can ensure that coursework, planning, and general methodology are ISSAI compliant; in this manner, auditors from various countries become familiar with and begin applying practices that are fully aligned with ISSAIs, thereby facilitating efforts at their home SAIs to update local standards and methods. IDI has recognized this particular benefit and included coordinated audits as part of its ISSAI Implementation Initiative (3i Program).

Like many institutions focused on capacity building, OLACEFS has discovered the tremendous benefits of distance learning and is increasingly investing in online courses to train larger numbers of auditors at a lower cost. Since international coordinated audits involve staff in various countries, online training is an integral part of the long-term capacity-building strategy involved. When this training is followed up with in-person workshops and seminars, the strategy is particularly effective in preparing the audit teams for field work and developing institutional capacity in a sustainable manner.

Most importantly, what sets coordinated audits apart as an impact learning strategy is that auditors put the skill set they have acquired into concrete practice, maintaining international collaboration among peers and specialists for an extended period. In sum: auditors receive theoretical training in the topic they are auditing from specialists in the field, as well as in ISSAI-compliant audit methodology, through distance learning coursework combined with in-person training; they immediately apply the knowledge attained, in collaboration with peers from various SAIs, through each step of the audit process. The consolidated audit report, which provides a unique perspective on a vital regional issue—though potentially an invaluable contribution in and of itself—is the icing on the cake.

The OLACEFS Experience

In 2011, OLACEFS' Regional Capacity Building Committee (CCR) included coordinated audits in its five-year strategic plan. An OLACEFS subgroup comprising Mercosur¹ SAIs (EFSUR) had concluded a preliminary coordinated audit in 2010 on the Mercosur Structural Convergence Fund (FOCEM) and was planning a more in-depth evaluation of a specific program financed by FOCEM. In 2011, Brazil's SAI, which held the Executive Secretariat of EFSUR, partnered with CCR and the German cooperation agency GIZ, through the OLACEFS/GIZ Program, to conduct the first coordinated audit that closely followed the capacity-building strategy outlined above.

This coordinated audit of the Mercosur Free from Foot-and-Mouth Disease Action Program (PAMA) directly involved five SAIs and was successfully concluded in September 2012. Three more coordinated audit projects have been conducted or are currently underway, all in the framework of CCR's strategic plan and with the support of OLACEFS/GIZ.

In 2012, Colombia's SAI coordinated an audit on the AGRO 2003–2015 Plan for Agriculture and Rural Life in the Americas to assess adoption and monitoring of the plan in nine Latin American countries. In 2012, Brazil's SAI laid the groundwork for a coordinated audit on oversight of public revenue from oil and gas production.² Eight SAIs participated in the preliminary study, four of whom have committed to the entire coordinated audit process, whose planning was finalized in May 2013. Finally, training of auditors has begun for an international audit on water resources coordinated by Argentina's SAI. There are 13 participating SAIs and, in addition to offering online coursework, organizers provided a training and planning workshop held in June 2013. Coordinated audits are being planned for 2014 on topics relating to biodiversity and information technology.

In conjunction with these audit initiatives, CCR has coordinated training in performance audit concepts and methodology through a distance learning course offered by Brazil's SAI that is fully ISSAI compliant. (Due to time constraints, in one

¹ Mercosur, the Common Market of the south, is a regional trade agreement between Argentina, Brazil, Paraguay and Uruguay, with several other associate members. It was founded in 1991 to promote free trade and the fluid movement of goods, people, and currency.

² See the online version of this article, at <http://www.intosaijournal.org>, for a discussion of the coordinated audit of the oil and gas sector.

case—the Agro Plan audit—the contents were consolidated and administered through an in-person course). The course offerings were not limited to the audit teams but rather extended to all of OLACEFS. From 2011 to May 2013, 166 Latin American SAI staff members successfully concluded the full online performance auditing coursework (190 total, including the consolidated mini-course for the Agro Plan). Dozens of these auditors have participated or will be participating in the entire audit cycle, including fieldwork, using the performance audit methods learned.

The following table summarizes these courses, all of which were offered as a component of OLACEFS coordinated audit initiatives. The figures include all OLACEFS students who successfully completed the courses, not just members of the audit teams.

Table 1: Performance Audit Courses in OLACEFS since 2011

Initiative	Year	Number of SAIs	Number of auditors	Type
PAMA	2011	13	43	Online
Plan Agro	2012	8	24	In-person only
Oil and Gas	2012	14	59	Online
Water Resources	2013	11	64	Online

Note: Numbers for the PAMA and Oil and Gas initiatives include only those who successfully completed the course with passing grades; as of the writing of this article, grades had not yet been divulged for the course related to water resources.

The most recent edition of the course, completed in May 2013, introduced a significant development that paves the way for expanded offerings. Since the course was originally designed in Portuguese for Brazilian auditors, and is offered by Brazil's SAI through CCR, prior editions had involved exclusively Brazilian tutors (with a working knowledge of Spanish). In 2012, staff from Argentina's SAI reviewed and improved upon the Spanish translation of the course. Deepening this close collaboration, three previous Argentine students of the course were incorporated as tutors in this latest edition, offered in the framework of the water resources audit initiative.

The PAMA Coordinated Audit

The PAMA initiative provides a good illustration of the various steps involved in OLACEFS' capacity-building strategy using coordinated audits. Brazil's SAI was tasked with identifying activities financed by FOCEM that merited a more in-depth evaluation. PAMA was chosen not only because of its multinational scope, but also

because it met the standards of risk, significance, and feasibility, in accordance with ISSAI 3100. Previous audits conducted by Brazil's SAI had identified weaknesses in border control posts and highlighted the risk of a possible foot-and-mouth disease outbreak that would result in untold millions of dollars of losses, considering that the Mercosur region is home to 250 million head of cattle.

The SAIs of Argentina, Paraguay, and Bolivia agreed with the proposal to audit PAMA and began forming their audit teams. Additionally, the SAI of Venezuela, though not a direct beneficiary of PAMA, opted to conduct a parallel audit on its national foot-and-mouth disease program and participated in the various planning, training, and reporting stages of the coordinated initiative.

The capacity-building efforts involved in the PAMA program had two major components. The first was the online performance auditing course offered by Brazil's SAI via CCR from August to November 2011, which aimed at providing all team members with sufficient understanding of concepts, procedures, and techniques needed for the audit. As previously mentioned, the course offering was extended to all of OLACEFS, and 43 auditors from 13 SAIs participated. To facilitate planning and execution of the PAMA audit, three specific tools were emphasized: the design matrix, a SWOT³ analysis, and the findings matrix.

The second component was a week-long seminar held in Brasilia in September 2011 for audit team members. The meeting had three complementary objectives. First, tutors from the online course led in-person workshops on audit methodology to consolidate understanding of tools explained in the first module of the online course. Second, experts in the field, including a consultant from the Pan American Foot and Mouth Disease Center (PANAFTOSA) and specialized staff from Brazil's Ministry of Agriculture, led detailed discussions on the audit topic.

Lastly, audit teams undertook joint planning based on the methods and techniques acquired. The central component of this planning was the development of a preliminary design matrix with audit questions, criteria, sources, and expected results, thus permitting all SAIs to follow similar lines of research, investigation, and analysis. In addition, participants agreed upon milestones and deadlines for the subsequent phases of the audit. After the seminar, each SAI had two weeks to provide further suggestions and approve a final version of the design matrix.

The five SAIs then began performing their national audits, following the design matrix with the adaptations they deemed necessary. The coordinating SAI monitored the audit schedule, held discussions via email and phone contacts, received news of progress from each SAI, and circulated key program documents and information. Further, it produced an additional tool, a potential findings matrix, which presented possible findings, both positive and negative, related to each audit question. The SAIs' findings matrices, which all followed the same template, helped systematize collected data, perceived causes and effects, and potential recommendations for each audit finding, allowing the teams to assess whether the finding was robust enough to be included in the final audit report.

³ Strengths, weaknesses, opportunities and threats.

In May 2012, after most SAIs had finalized their fieldwork and had at least begun preparing their national audit reports, a two-day technical meeting was held in Asunción, Paraguay, with members of all five audit teams to present and discuss results of the national audits, agree upon the general outline and format of the consolidated report, and adjust the schedule for the final steps of the audit process.

The consolidated report was finalized in October 2012, and executive summaries were published in Spanish, Portuguese, and English. The results were presented at the OLACEFS General Assembly in November, and each SAI was responsible for disseminating the report to its legislature, Ministry of Agriculture, and other interested parties. In addition, all SAIs agreed to monitor audit recommendations and, every other year, send a brief report to the Executive Secretariat of EFSUR on the current status of recommendations in each country. The Executive Secretariat will prepare consolidated monitoring reports based on this information.

As a final step, the coordinating SAI prepared an assessment report on the PAMA initiative as a whole and presented it to the OLACEFS community as a technical topic for the General Assembly. Comments received from seven SAIs were incorporated into the final report. The results were discussed extensively at the General Assembly with a view to applying the model and lessons learned to future coordinated audits.

Conclusion

The updated 2013–2015 OLACEFS-CCR Strategic Plan envisions furthering SAI capacity building by offering a series of impact learning activities. This portfolio includes coordinated audits in critical policy areas that will continue to combine training programs in the specific subject matter and audit methods with hands-on application of the knowledge acquired.

We anticipate that the coordinated audit approach to impact learning will continue to be refined and involve a growing number of SAIs and multilateral partners. We further hope it will lay the groundwork for broader cooperation that might include opportunities for South-South initiatives. Increasingly, as the coordinated audit initiatives in OLACEFS have shown, knowledge can be acquired and transferred among developing country SAIs as regional groups work in coordination with INTOSAI bodies and multilateral institutions.

Coordinated audits and multilateral cooperation initiatives

In addition to their capacity-building benefits, coordinated audits are well suited to multilateral cooperation initiatives. They strike an ideal balance between commitments and benefits among participants; allow for cost sharing and economies of scale; and involve timetables, milestones, and deliverables, thus providing concrete indicators to measure output.

As discussed in the preceding article, the support of GIZ, Germany's cooperation agency, through the OLACEFS/GIZ Program, has been instrumental in the success of coordinated audit initiatives in OLACEFS. That support has been particularly important in conducting preliminary studies on the audit topic; organizing workshops, reference panels, and technical meetings among auditors; and translating and publishing consolidated reports. Further, the OLACEFS/GIZ program is planning to support the design and implementation of new online courses for CCR that will be critical components of future coordinated audit initiatives.

Other agencies and multilateral organizations have expressed interest in collaborating with coordinated audits in OLACEFS. By working with these international organizations, SAIs can have access not only to the benefits already mentioned, but also to cutting-edge knowledge from the organizations' experts and to stakeholders with a long history of work in critical policy areas. This process can lead to an exchange of expertise that will also benefit multilateral organizations and development agencies.

Using coordinated audits as part of a broader cooperation strategy can build important networks and synergies and open new multilateral communication channels. SAIs and multilateral organizations can work together to create a common agenda, including new approaches, priorities, and critical policy areas to be approached from different perspectives.

In building this agenda, it is worth noting that certain government functions are especially important not only because they account for a significant amount of public expenditure, but also due to their critical impact on people's welfare. This impact is generally present in public policies and programs related to health and education, basic infrastructure projects, and income transfer programs for poverty reduction. These policy areas, which are highly relevant for social and economic development, require constant attention from SAIs.

In the case of OLACEFS, they are also areas in which the work of Latin American SAIs could most benefit from the expertise of various international organizations. Infrastructure—due to the steep rise in expenditures in Latin American countries in the past few years—and initiatives related to the UN Millennium Development Goals are areas where the knowledge and experience accumulated by multilateral organizations can be instrumental in improving the quality and depth of SAI audits.

Audits in the Wake of the Great East Japan Earthquake

by Nobuo Azuma, Board of Audit of Japan

Since October 2011, the Board of Audit of Japan (BOA) has been conducting audits focused on various projects to promote rehabilitation and reconstruction following the great east Japan earthquake that occurred in March 2011. In the annual audit report for fiscal year 2011, published in November 2012, the BOA reported on seven audit cases related to the earthquake. This article describes two of those cases, based on the results of on-site field audits in the disaster-affected areas.

Provision of emergency temporary housing

The Ministry of Health, Labor and Welfare (MHLW) granted subsidies to the seven disaster-affected prefectures to provide emergency temporary housing to victims of the earthquake who had lost their houses. The total subsidies amounted to US\$4.28 billion as of March 31, 2012.

The MHLW bulletin that stipulates standards for disaster relief states that emergency temporary housing is to be provided as follows:

- Construction work is to start within 20 days after the disaster and be promptly completed.
- Floor space is 29.7 square meters per unit.
- Expenses for construction are limited to US\$23,900 per unit.
- The term of use for the housing is up to two years.

The bulletin also states that prefectural governors may rent houses from private owners to accommodate victims rather than constructing emergency temporary housing. Also, if it is difficult for prefectural governors to provide proper relief in accordance with the standards set out in the MHLW bulletin, they are empowered to set the level, measures, and term of relief with the consent of the minister. As a result, any expenses that a prefecture paid for constructed houses with the consent of the minister could be covered by the subsidy.

According to the Disaster Relief Act, a prefecture may also pay cash to victims in need of disaster relief if a prefectural governor deems it necessary. However, according to the MHLW circular that stipulates procedures, disaster relief should in principle be given by payment in kind, and payment in cash should be restricted to cases where it is truly necessary and considered to be most effective.

Audit results

As of March 31, 2012, 116,170 units of emergency temporary housing had been provided in the seven disaster-affected prefectures. This included 52,858 constructed houses and 57,697 rented houses, which together accounted for 95.2 percent of the total.

At the May 2013 meeting of the Working Group on Accountability for and Audit of Disaster-related Aid, participants suggested that the Board of Audit of Japan share with the broader INTOSAI community some insights gained in its audits of disaster relief efforts following the March 2011 earthquake and tsunami that devastated Japan.

editor's note

Constructed houses took much more time to provide than rented houses due to the need to secure construction sites and carry out construction work. Since rented houses could be provided more quickly, they could contribute to the early dissolution of emergency evacuation areas.

In regard to expenses, the cost, as of March 31, 2012, to provide constructed houses was US\$62,800 per unit, versus US\$18,300 per unit for rented houses for two years. The expenses for constructed houses exceeded the cost limits because of the need to develop construction sites and build joint septic tanks. The expenses for constructed houses will increase even more due to the cost of removing them and reinstating construction sites. As it is more economical to provide rented rather than constructed houses, rented houses can help reduce the expenses for emergency temporary housing.

Additional concerns were identified for constructed houses: (1) they might occupy the expected construction sites for future permanent housing for reconstruction, and (2) vacant rooms were observed in housing complexes where a large number of constructed houses were provided at one time.

In principle, disaster relief should be given by payment in kind. When providing rented houses, the prefectures first gave houses to victims by using information about available private houses for rent provided by real estate vendors based on an agreement for disaster situations. Then the prefectures made contracts with the house owners of those houses and, as a lessee, sublet the houses to the victims.

The MHLW circular stipulates that for a house rented under a contract made in the name of a disaster victim, the rent and other costs could be covered by the subsidy if the lessee's name is changed from the victim to the prefecture. In accordance with this circular, the prefectures retroactively rewrote the rental contracts for houses that the victims had already rented in their names. As a result, in many cases the prefectures had to shoulder a heavy administrative burden for making contracts and changing lessees' names. If the victims had already moved to rented houses, the prefectures not only paid brokerage fees to intermediate brokers, but also compensated the victims for the brokerage fees which they had paid when they had made initial contracts.

The BOA observed that MHLW should actively utilize rented houses in providing emergency temporary housing after major disasters to speed up the provision of emergency temporary housing and reduce related expenses. When using rented houses, MHLW needs to consider whether prefectures can deviate in part from the principle of payment in kind where prefectures make rental contracts and sublet to victims. That is, MHLW needs to consider whether prefectures can give payments in cash for the rent and brokerage fees borne by victims by, for example, directly paying house owners the rent for the houses for which victims had made rental contracts by themselves.

Disposal of disaster waste

The earthquake generated an estimated 21.62 million tons of disaster waste in 13 prefectures, and the tsunami deposited an estimated 9.59 million tons of earth and sand in coastal areas after the earthquake. Disposing of the disaster waste and tsunami

deposits has been a pressing issue for the disaster-affected prefectures. In the three most heavily-affected prefectures (Iwate, Miyagi, and Fukushima), disaster waste and tsunami deposits were estimated at 29.74 million tons, or 95.3 percent of the total estimated 31.21 million tons.

In May 2011, the Ministry of the Environment (MOE) formulated a master plan to implement proper and efficient disposal of disaster waste and tsunami deposits. The MOE assigned the roles of the state, prefectures, and municipalities in implementing the disposal process and set the end of March 2014 as the deadline for completion.

Iwate and Miyagi Prefectures, two of three severely disaster-affected prefectures, lacked the capacity for disposal within the prefectures and needed to seek outside disposal. The MOE developed an April 2012 bulletin stipulating standards for accepting disaster waste for disposal in a wider area, processing the waste, and checking for safety in order to promote the disposal process with a proper understanding of the municipalities and residents who accepted the waste.

The MOE granted a subsidy for disposal projects carried out by municipalities. The MOE determined that the disposal project might include dismantling of damaged houses and that the subsidy could be disbursed in part in advance or in full by rough estimate.

Because disposal projects contribute to developing a sustainable society and generating employment, the MOE also granted a subsidy to prefectures, including severely disaster-affected municipalities, to promote disposal of disaster waste carried out by those municipalities. The prefectures established funds from the subsidy and disbursed them to the disposal projects that the municipalities carried out.

Since radioactive substances were emitted in Fukushima Prefecture after the nuclear power plant accident caused by the earthquake, the MOE decided to implement a project to dispose of disaster waste contaminated by radioactive substances in designated areas in the prefecture. In fiscal year 2011, the budget for the above-mentioned disposal projects came to US\$7.65 billion.

Audit results

As of July 31, 2012, the 13 prefectures had disposed of an average of 21 percent of the disaster waste. The three severely disaster-affected prefectures (Iwate, Miyagi, and Fukushima) had disposed of an average of 17.7 percent of the waste.

The audit identified a delay in budget execution. Budget amounts disbursed against the total fiscal 2011 budget for subsidies totaled 55 percent for disposal projects and 74.9 percent for disposal promotion. This was caused by the MOE's procedure for advance payment by rough estimate; furthermore, the municipalities took additional time to prepare or correct the application for subsidies during the turmoil immediately following the disaster.

The audit case in Iwate Prefecture included the following phases for disposal of disaster waste:

1. Dismantling and removal at disaster-affected areas
2. Rough sorting at the first temporary placement sites
3. Crushing and sorting at the second temporary placement sites
4. Reusing or disposal at disposal sites

In the four municipalities where the BOA conducted field audits, the progress rate for disaster waste in fiscal 2011 was only 10.4 percent because these municipalities had just begun to transport disaster waste from the disaster-affected areas to temporary placement sites before final disposal.

In Iwate Prefecture, 510,000 tons of disaster waste were disposed of in fiscal 2011. Of this amount, 300,000 tons (59.2 percent) were processed into construction materials such as concrete gravel; 40,000 tons (7.8 percent) were processed into raw cement fuel; 70,000 tons (13.5 percent) were recycled metal materials; and 100,000 tons (19.5 percent) were incinerated or disposed of outside the prefecture.

Thus, 80.5 percent of the disaster waste disposed of in fiscal 2011 was reused or recycled. According to the Iwate Prefecture disposal plan, disaster waste is to be reused as much as possible for building materials for reconstruction, while the remaining disaster waste is to be disposed of at incineration facilities or final disposal sites. Because the number of final disposal sites is very limited, the plan's policy aims to reduce the amount of waste disposed of at those sites.

The BOA observed some uncertainties related to the implementation of the Iwate and Miyagi Prefecture disaster waste disposal plans, which are to be completed by the end of March 2014. These uncertainties include (1) the disposal of incombustibles within the period of the plans, (2) the demand for reconstruction materials in public works, (3) securing municipalities to accept disposal outside the prefectures, and (4) securing final disposal sites inside the prefectures.

Disposal of disaster waste outside the prefectures required further arrangements with accepting municipalities for 320,00 tons for Iwate Prefecture and one million tons for Miyagi Prefecture. There are also many challenges to identifying final disposal sites inside the prefectures. Therefore, issues such as disposal outside the prefectures and final disposal sites require continual support by the state.

Lessons learned

Providing emergency temporary housing includes the use of both constructed houses and rented houses, and each of these has both merits and demerits. To avoid the disadvantages of constructed houses, the government should actively utilize rented houses in providing emergency temporary housing to speed up the provision of emergency temporary housing and to reduce related expenses.

Also, disposing disaster waste is a pressing issue in heavily-affected prefectures, where the number of final disposal sites that can dispose of a large amount of disaster waste may be limited. In that case, the government should advise the prefectures to reuse or recycle disaster waste as much as possible and to support disposal outside of the prefectures in order to accelerate the disposal of disaster waste.

Conclusion

The BOA has continued to conduct audits focusing on various projects for promoting reconstruction from the earthquake. In those audits, attention has focused on whether each project contributes to the rebuilding of society and to the economy in the disaster-affected areas. The results of these audits will be published this November in the annual Audit Report for fiscal year 2012.

A graphic featuring a stylized globe with a grid of latitude and longitude lines. Overlaid on the globe is the word "Spotlight" in a large, bold, serif font. Below "Spotlight" is the word "on" in a smaller, sans-serif font, followed by "ISSAIs" in a large, bold, serif font. The entire graphic is set against a light gray background with a subtle shadow effect.

Spotlight on ISSAIs

by the PSC Secretariat

Fundamental principles of public sector auditing

On June 18, 2013, the Steering Committee of the INTOSAI Professional Standards Committee (PSC) gave its final approval of the new fundamental auditing principles that have been described in previous issues of the *Journal* (see the October 2012 and January 2013 issues). The principles will form the core of the International Standards of Supreme Audit Institutions (ISSAI) and define how the ISSAIs can be used as auditing standards or as a basis for the establishment of national standards for public sector auditing. The four ISSAIs with the new principles will be presented for endorsement at the XXI INCOSAI in Beijing in October 2013.

ISSAI 100: The Fundamental Principles of Public-Sector Auditing is expected to become the new flagship for INTOSAI in promoting public sector auditing and good auditing practice. It presents a definition of public sector auditing and provides the essential concepts, elements, and principles that apply to all public sector audits, whatever their form or context. Great efforts have been made to ensure that as far as possible, the principles reflect the perspectives of all INTOSAI members.

The general principles of ISSAI 100 are supplemented by more specific principles in three areas:

ISSAI 200: Fundamental Principles of Financial Auditing provides an overview of the nature, elements, and principles of auditing financial statements as conducted by SAIs. The principles presented are consistent with the Financial Auditing Guidelines (ISSAIs 1000–1815, International Standards on Auditing with INTOSAI practice notes).

ISSAI 300: Fundamental Principles of Performance Auditing defines and expresses INTOSAI's recognition of the principles for auditing economy, efficiency, and effectiveness.

ISSAI 400: Fundamental Principles of Compliance Auditing provides an overview of the nature, elements, and principles of compliance auditing as conducted by SAIs.

The four ISSAIs have been developed by the ISSAI harmonization project group (see <http://www.psc-intosai.org/psc/issai-harmonisation-project>) in accordance with INTOSAI's Due Process for INTOSAI Professional Standards. A total of 1216 comments from 47 SAIs or other organizations were received through the process of public exposure from November 15, 2012, to February 15, 2013. The comments reflect a reassuringly high level of engagement and support by INTOSAI's members and have contributed significantly to the drafts. The four new ISSAIs will replace the existing documents at level 3 of the ISSAI Framework and can be found, as can received comments, on <http://www.issai.org>.

For additional information on the ISSAIs, visit <http://www.issai.org>



INTOSAI- *Donor Cooperation* *Update*

Audit of Extractive Industries: Drilling Down into New Spheres

by the INTOSAI-Donor Secretariat

Audits of extractive industries (EI)—defined as oil, gas, and mining industries—are gaining momentum, both on the national level where SAIs are carrying out their mandate to audit public funds and on the international agenda where transparency of natural resource exploitation is heavily discussed. Recently, the Lough Erne Declaration by the heads of government of the Group of Eight (G8) affirmed that “extractive companies should report payments to all governments—and governments should publish income from such companies” and “minerals should be sourced legitimately, not plundered from conflict zones.”¹

Five billion people live in resource rich countries. EIs currently generate about US\$3.5 trillion in annual gross revenue, corresponding to about five per cent of the global gross domestic product. A substantial portion of this is public money. Regarding oil revenue, about 70 percent of world oil production is in the hands of state-owned enterprises.² SAIs should therefore play an important role in the oversight of these enterprises, depending on their overall legal framework and mandate.

Good governance as a whole should ensure that natural resources are exploited for the benefit of society as a whole. Yet in many countries, revenue from oil, gas, and mining is associated with poverty, corruption, and conflict. This “resource curse” is often driven by a lack of accountability and transparency regarding contracts and payments between private sector companies and governments and the revenues that governments receive from those companies. When it comes to public control over the extractives sector, the role of SAIs varies considerably and includes a broad spectrum of audit types. SAIs have come forward to express a need for more knowledge of the sector and a need to exchange experiences in EI audit. EI has already been the topic of several initiatives across the SAI community.

¹ <https://www.gov.uk/government/publications/g8-lough-erne-declaration/g8-lough-erne-declaration-html-version>

² Le monde diplomatique (2012): Geopolitical atlas. Mondes émergents. Paris/Berlin.

At its fifth meeting in October 2012, the Steering Committee (SC) of the INTOSAI-Donor Cooperation agreed to address this knowledge gap and gather evidence on EI audit. The SC mandated the AFROSAI-E and INTOSAI-Donor Secretariats to conduct a survey on SAI involvement in EI governance. A questionnaire was drafted and sent to 26 SAIs of resource rich countries around the world.³ Responses were received from 17 SAIs and included in the report *Audit of Extractive Industries. The Role of Supreme Audit Institutions*, which will soon be made available online at <http://www.idi.no>. The mapping on EI audit provides data on experiences, good practices, challenges, and needs of SAIs in auditing EI.

While the scope of the mandate and the experience of SAIs in auditing the extractive sector differ considerably, SAIs commonly report that good practices for EI audits are based on in-depth knowledge and understanding of the field, and all SAIs noted challenges in understanding this sector. The overall responses indicate a perceived value in conducting EI audits from the public sector audit perspective. While there may be substantial overlap with other audit methodologies—such as those for revenue, IT, and environmental audits—EI audits demand specific knowledge with regard to the sector. According to the responses, an SAI’s mandate and audit capacity should cover the following at a minimum:

- collection (calculation and payment) of public revenue generated from the extractives sector,
- any public money invested in the sector, and
- the oversight function of government in the extractives sector.

The responses pointed to a substantial demand for capacity development related to EI audit. All responding SAIs expressed interest in sharing knowledge and experience regarding EI audit, with a need for capacity development support and more general knowledge about the governance of the sector and technical issues, such as assessing environmental risks. Responses expressed a demand for capacity development support and knowledge sharing in all audit disciplines—financial, compliance, and performance. The analysis also shows a need for further information on available guidance, communication and coordination across INTOSAI and with external stakeholders specific to EI.

As a possible way forward, the draft report concludes by discussing three possible approaches:

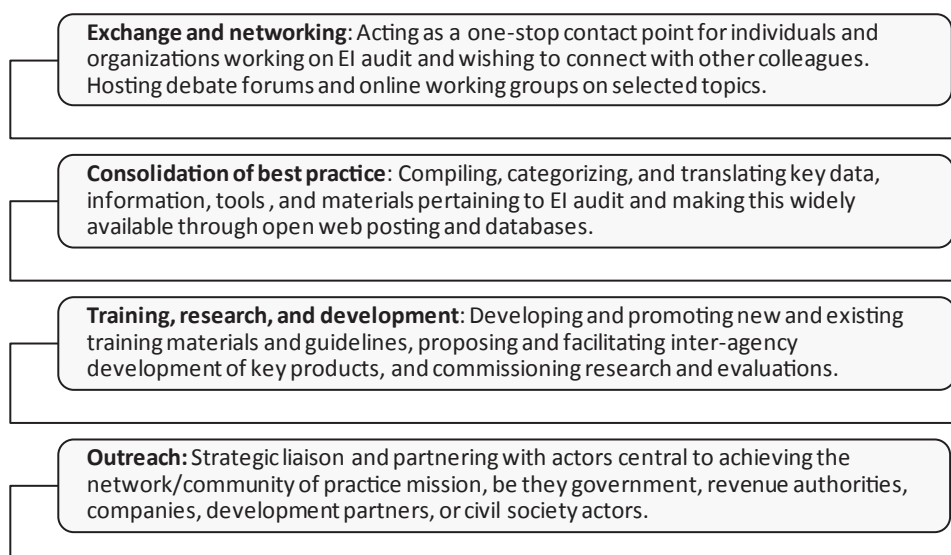
- a capacity development program targeting SAIs that execute or would like to execute EI audits covering the needs identified by the SAIs responding to the questionnaire,
- a knowledge sharing platform for SAIs and possibly a broader stakeholder community, and

³ Countries were defined as resource rich by the absolute amount of proven natural resource deposits as indicated by the U.S. Energy Information Administration (<http://www.eia.gov>) and BP’s “Statistical Review of World Energy June 2012” (<http://www.bp.com/Statistical-Review-2012.pdf>).

- an institutional anchor for this topic within INTOSAI that could also conduct and coordinate outreach activities from INTOSAI in international forums.

A capacity development program tailored to SAIs auditing EI would entail not only strengthening technical and legal knowledge of different aspects, but also developing strategic partnerships between the INTOSAI regions and institutions involved in strengthening governance in the extractives field (such as the Extractive Industries Transparency Initiative, or EITI) and developing guides, training material, and training for SAIs. Such a capacity development program could also establish a link to a community of practice of audit staff involved in auditing extractives. The idea of such a community was first brought up at a seminar hosted by AFROSAI-E in early 2013. Participants defined the functions listed in figure 1:⁴

Figure 1: Functions of a Possible Community of Practice on EI Audit



In addition to a potential community of practice and capacity development program, it could prove valuable to have an institutional anchor for EI audit within INTOSAI. This entity could also be mandated to further promote and maintain the community of practice. Determining where the potential community of practice or other related steps forward best fit within the existing INTOSAI structure is a topic for discussion and agreement.

For additional information, contact the INTOSAI-Donor Cooperation Secretariat at intosai.donor.secretariat@idi.no.

⁴ Participants included the SAIs of Brazil, Kenya, Mozambique, the Netherlands, Norway, Sierra Leone, Uganda, and Zambia; AFROSAI-E; and the INTOSAI-Donor Secretariat.

I N S I D E
INTOSAI

Meeting of Subcommittee 3 of the Capacity Building Committee in Bratislava

The Capacity Building Committee's Subcommittee 3—Promote Best Practices and Quality Assurance through Voluntary Peer Review—met for the first time under Slovak chairmanship in Bratislava, Slovak Republic, June 13–14, 2013. Participants included representatives of the SAIs of Bangladesh (the subcommittee vice chair), Austria (also representing the INTOSAI General Secretariat), Estonia, Germany, Poland, and Hungary; the European Court of Auditors; the Organisation for Economic Co-operation and Development (OECD); and the INTOSAI Development Initiative (IDI). The vice president of the SAI of Switzerland also attended the meeting.



Participants in the Bratislava meeting of the peer review subcommittee in June 2013 discussed efforts to assess, document and disseminate peer review material, and foster an environment where voluntary peer reviews are seen as beneficial.

Ján Jasovský, President of the SAI of Slovakia, opened the meeting by underlining the importance of peer reviews for the INTOSAI community. Peer review serves as a platform to exchange views and experiences of the reviewed and reviewing SAIs, and is an instrument to improve the quality of SAI work. By answering the question “Who audits the auditor?” INTOSAI enhances its own effectiveness, credibility, and transparency, and sends out an important signal to other international organizations that SAIs walk the talk by voluntarily opening their work to external assessment.

The meeting agenda reflected individual themes of the *INTOSAI Strategic Plan 2011–2016*, among them continuing efforts to assess, document, and disseminate peer review material and foster an environment where voluntary peer reviews are seen as beneficial. There were also presentations on practical experiences from completed peer reviews, notably from the SAI of Sweden, the European Court of Auditors, and the OECD peer review of the SAI of Chile. Information on upcoming peer reviews of the SAIs of Bangladesh and Indonesia was also presented.

The IDI representative offered a presentation on progress on the SAI Performance Measurement Framework (SAI PMF). Michel Houissoud, vice president of the SAI of Switzerland, presented information related to Information Technology Self Assessment-Information Technology Audit Self Assessment (ITSA-ITASA) at the beginning of a peer review, and proposed a new approach to integrating ITSA and ITASA into the peer review methodology.

A substantial part of the meeting was devoted to the revision of ISSAI 5600: *Peer Review Guideline*. The revised structure and contents of the standard and future authors of the relevant parts were identified.

The SAI of Hungary joined the SAIs of Germany, Poland, and Slovakia as a member of the task group on ISSAI 5600 revision. The Chair of the SAI of Slovakia also presented a report for the CBC Steering Committee meeting (held June 21, 2013, in Rabat, Morocco) and a revised subcommittee action plan for 2012–2016, and proposed an approach to the subcommittee presentation at the upcoming XXI INCOSAI in Beijing.

For additional information, please contact Annamaria Vizikova at annamaria.vizikova@nku.gov.sk.

Working Group on Environmental Auditing met in Estonia

The National Audit Office of Estonia hosted a record number of 70 SAIs at the fifteenth meeting of the INTOSAI Working Group on Environmental Auditing (WGEA) held 3–6 June 2013, in Tallinn, Estonia. Participants at the meeting included 158 delegates, among them 15 auditors general from SAIs and international organizations.



Delegates at the WG15 assembly plenary session in Tallinn, Estonia, held June 3–6. During the four-day meeting, participants discussed the challenges of environmental auditing and learned about recent trends in the field.

Within four meeting days, 30 SAIs presented recent audit experiences, prompting discussion of the challenges and success stories of environmental auditing. Experts from Estonian institutions, the European Court of Auditors, the Canadian Research and Educational Foundation, the INTOSAI Development Initiative, and the United Nations Environmental Programme (UNEP) addressed trends relevant for environmental auditors. A step toward future cooperation with UNEP was made, to be further solidified by the signing of a joint memorandum of understanding.

The assembly approved the following WGEA guidance materials and research studies developed during 2011–2013:

- *Addressing Fraud and Corruption Issues When Auditing Environmental and Natural Resource Management: Guidance for Supreme Audit Institutions* (SAI of Norway)
- *Auditing Water Issues: An Examination of SAIs' Experiences and the Methodological Tools They Have Successfully Used* (SAI of the United States)
- *Sustainability Reporting—Concepts, Frameworks and the Role of Supreme Audit Institutions* (SAI of Finland)
- *Impact of Tourism on Wildlife Conservation* (SAIs of Lesotho and Tanzania)
- *Environmental Issues Associated with Infrastructure Development* (SAI of the United Kingdom)
- *Environmental Data: Resources and Options for Supreme Audit Institutions* (SAIs of Canada and USA)
- *Land Use and Land Management Practices in Environmental Perspective* (SAI of Morocco)

More than 40 SAIs, as project leaders and sub-committee members, have contributed to the successful completion of these documents. The materials are now readily accessible for auditors on the WGEA website.

The assembly also endorsed WGEA's 2011–2013 work plan, and participating SAIs signed up for future study projects covering topics such as the following:

- Renewable energy
- Energy savings
- Environmental assessments
- Marine environment
- Market-based instruments for environmental protection and management
- Greening the Supreme Audit Institutions
- Increasing the quality and impact of environmental audits
- Update of the INTOSAI WGEA 2004 guidance material on auditing waste management
- Review of the four ISSAIs on environmental auditing

- ISSAI 5110: *Guidance on Conducting Audits of Activities with an Environmental Perspective*, 2001
- ISSAI 5120: *Environmental Audit and Regularity Auditing*, 2004
- ISSAI 5130: *Sustainable Development: The Role of Supreme Audit Institutions*, 2004
- ISSAI 5140: *How SAIs May Co-operate on the Audit of International Environmental Accords*, 1998



Dr. Alar Karis, left, and Dr. Ali Masykur Musa are the current and the future Chairs of INTOSAI WGEA.

Thirteen SAIs are committed to leading the above-mentioned projects, reflecting the fact that the WGEA members are looking forward to an exciting working period and welcome the new coordinator of the group, the Audit Board of the Republic of Indonesia. At the XXI INCOSAI in Beijing this October, the current Chair, the National Audit Office of Estonia, will officially resign after 6 productive years.

Please refer to <http://www.environmental-auditing.org> for 15th WGEA Assembly materials.

The 11th ARABOSAI General Assembly meets in Kuwait

At their 11th General Assembly meeting held in Kuwait City June 23 – 27, members of the Arab Organization of Supreme Audit Institutions (ARABOSAI) ratified a three-year strategy to fight corruption and protect public money in Arab countries.

In support of this goal, ARABOSAI members approved several initiatives, including a plan of action, a budget, and research and training programs, aimed at enhancing the overall efficiency of the pan-Arab region's audit agencies.

The General Assembly also approved a number of recommendations stemming from discussion and analysis of country papers focusing on three themes highlighted in ARABOSAI's previous work plan. These technical themes included (1) the role of supreme audit institutions (SAIs) in reviewing the state final accounts, (2) the role of SAIs in electronic transactions, and (3) the role of SAIs in the development of government financial systems.



Heads of delegations gather with Crown Prince of Kuwait Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah at ARABOSAI's 11th General Assembly meeting, held in Kuwait City June 23 – 27.

By the end of the three-day meeting, ARABOSAI members had elected the Kuwait State Audit Bureau (SAB) as their new president. SAB President Abdulaziz Yousef Al-Adsani will preside over the ARABOSAI General Assembly for the next three years. President of Saudi Arabia's General Auditing Bureau, Osama Jafar Faqeeh, and the President of Iraq's Federal Board of Supreme Audit, Abdul Basit Turki Said, were elected, respectively, as first and second deputies for Al-Adsani.

The new officers for ARABOSAI are Bahrain, Egypt, Lebanon, and Morocco.

Concurrent with the General Assembly meeting, the Kuwait Audit Bureau hosted the 48th and 49th meetings of the ARABOSAI Executive Council.

ARABOSAI's next general assembly will be held in Iraq in 2016.

Tenth meeting of the AFROSAI-E Governing Board

The 10th meeting of the AFROSAI-E Governing Board was held at the Sugar Beach Hotel, Flic en Flac, on the island of Mauritius, off the west coast of Africa, May 6–10, 2013.

INTOSAI is organized into regional working groups at the continental level, and AFROSAI, the African regional working group, is itself divided into language subgroups: English (AFROSAI-E), Arabic (AFROSAI-A), and French (AFROSAI-F of CREFIAF). AFROSAI-E has a membership of 24 countries: 22 English-speaking countries in sub-Saharan Africa and two Portuguese-speaking countries (Angola and Mozambique). South Sudan is the latest country to join AFROSAI-E.

The AFROSAI-E Governing Board meeting was attended by 90 delegates comprising the auditors-general of 19 member countries as well as delegates from the AFROSAI-E Secretariat, the INTOSAI Development Initiative (IDI), the Swedish National Office (SNAO), the Netherlands Court of Audit (NCA), the Office of the Auditor-General of Norway (OAGN), the European Court of Auditors, and delegates from Canada and Luxembourg.

During the sessions delegates were apprised of activities taking place in SAIs around the region and the world and of the latest developments in the field of auditing. Ian Landahl, the SNAO Auditor-General, and Josephine Mukomba of the AFROSAI-E Secretariat informed delegates about the implementation of ISSAIs in the region as part of IDI's ISSAI Implementation Initiative, known as the 3i Program. Gijs DeVries of the European Court of Auditors informed delegates of the activities of the INTOSAI Working Group on Accountability for and Audit of Disaster-Related Aid, which has culminated in the development of five ISSAIs. This will be of great use once they are formally approved and will help to promote more effective, accountable, and transparent aid delivery to affected communities.



Participants in the 10th meeting of the AFROSAI-E Governing Board held in Mauritius, May 6 – 10. Gijs DeVries of the European Court of Auditors informed delegates of the activities of the INTOSAI Working Group on Disaster-Related Aid.

The main theme of the meeting was communication practices with SAIs stakeholders. Berit Mork of the OAGN spoke about external communication practices while Magnus Lindell of the SNAO elaborated on the measures that an SAI can adopt for effective internal communications.

Mrs. Mukomba spoke about the relationship between an SAI and the Public Accounts Committee (PAC), an SAI's main stakeholder. She described the SAI/PAC Toolkit that has been disseminated in the region to assist SAIs in working with PACs, and also described the training of SAI/PAC champions to serve as liaison officers between an SAI and the PAC. Two officers of the AFROSAI-E Secretariat spoke about progress achieved by the management development programs organized in the region.

At the meeting, the Governing Board dealt with new statutes and regulations for AFROSAI-E, the AFROSAI-E integrated annual report for 2012, the human resources structure for the secretariat, the budget and work plan, and the activity report of member countries in accordance with the Institutional Capacity Building Framework.

The meeting ended with the award of shields to various delegates, including the Director of Audit of the National Audit Office of Mauritius.

For additional information, please contact the AFROSAI-E Secretariat at afrosai-e@agsa.co.za

Recent developments in OLACEFS

Multilateral actions

On June 13, 2013, Minister Augusto Nardes, the President of OLACEFS and Brazil's SAI (TCU), met with José Manuel Durão Barroso, the President of the European Commission, at the commission's office in Brussels. Mr. Nardes was accompanied by Oscar Rubén Velázquez, the Comptroller General of Paraguay.



From left to right, President of SAI Brazil and OLACEFS Augusto Nardes, President of the European Commission José Manuel Durão Barroso, and Comptroller General of SAI Paraguay Oscar Rubén Velázquez, met in Brussels on June 13. The leaders discussed topics such as coordinated audit initiatives.

During the meeting, President Augusto Nardes discussed with Mr. Durão Barroso the main points of OLACEFS's current work plan, in particular the initiatives related to coordinated audits. He also briefly explained the project on good practices of public governance that is to be developed by the TCU and the Organisation for Economic Cooperation and Development (OECD), with the participation of several SAIs, including those of the European Union. The OECD Tribunal requested this project to promote the strengthening of SAI contributions to good governance and to good public management.

Also on June 13, President Augusto Nardes, accompanied by Oscar Rubén Velázquez and André Mattoso Amado, the Brazilian Ambassador in Brussels, visited the Belgian Court of Audit and met with Senior President Philippe Roland to discuss technical cooperation among the SAIs. The two presidents spoke primarily about ongoing cooperation initiatives between OLACEFS and EUROSAI.

OLACEFS and CAROSAI sign letter of intentions

On July 4, 2013, one day before the 55th Meeting of the OLACEFS Steering Committee, a bilateral meeting took place between OLACEFS and CAROSAI (the Caribbean Organization of Supreme Audit Institutions). OLACEFS participants included upper level OLACEFS managers; Minister Augusto Nardes, the OLACEFS President; and Dr. Ramiro Mendoza Zúñiga, OLACEFS Executive Secretary.

The objective of the meeting was to promote the development of and cooperation between the two groups, particularly in regard to the following:

1. Joint regional capacity-building initiatives related to oversight, audit, and institutional diagnosis
2. Capacity-building activities and projects for the personnel of member SAIs

The latter includes collaboration in seminars, capacity building, and publications promoted by the two regional groups, either on a regular basis or at the request of the countries that benefit from these activities.

CAROSAI was represented by Dorothy Ann Smith Bradley, Auditor General of Belize, and Alastair Swarbrick, Auditor General of the Cayman Islands. Mr. Swarbrick made a presentation on CAROSAI's operations and, at the end of the meeting, the representatives of both regional groups signed a letter of intentions aimed at expanding the potential for communications and joint work between the two organizations.

OLACEFS Executive Council meets in Honduras

The city of Tegucigalpa, Honduras, hosted the 55th meeting of the OLACEFS Steering Committee, which was organized by the Supreme Court of Accounts of Honduras. The meeting took place on July 5, 2013.

Attending were Minister Augusto Nardes, President of Brazil's Federal Court of Accounts (TCU) and OLACEFS, along with representatives of the SAIs of Chile, Paraguay, Uruguay, and Honduras, which are members of the Steering Committee.

Representatives of the SAIs of Colombia, Costa Rica, Cuba, and Peru also took part in the event, as did CAROSAI representatives.

The participants in the meeting approved the strategic plan for stage two of the regional OLACEFS-GIZ program and adjustments to the annual operational plans of OLACEFS bodies and working groups. They also approved the creation of a Working Group on Audits of Public Works.



Participants of OLACEFS Meeting in Tegucigalpa, Honduras, held on July 5. The council approved a strategic plan and the creation of a Working Group on Audits of Public Works.

The OLACEFS Executive Secretariat, which is hosted by Chile's Office of the Comptroller General, presented data on the organization's financial situation. The next steps forward in promoting communications were discussed and, in this context, the first issue of the OLACEFS biannual journal was launched.

Meeting discussions dealt with recent actions undertaken with international organizations to raise funds to expand ongoing activities. Other highlights included meetings with representatives of the Organization of American States, the World Bank, the Inter-American Development Bank, EUROSAI, the European Union, and the United Nations and several of its agencies.

For additional information, contact OLACEFS at olacefs@tcu.gov.br

IDI Trans-regional Program on Public Debt Audit

IDI has launched a trans-regional capacity development program on public debt audit with an emphasis on strengthening public sector oversight and audits of sovereign lending and borrowing frameworks.

In this program, IDI will cooperate with the United Nations Conference on Trade and Development (UNCTAD), the INTOSAI Working Group on Public Debt (WGPD), and the United Nations Institute for Training and Research (UNITAR). Funding will be provided through a grant from the government of Norway.

The program aims to strengthen the capacity of participating SAIs to conduct in-depth and effective audits of lending and borrowing frameworks, which in turn can influence effective sovereign lending and borrowing practices and increase fiscal transparency in public debt management.

Participants will be from SAIs of both developing and developed countries. The program will be offered initially in English and Spanish and will involve developing country SAIs in ASOSAI, AFROSAI-E, CAROSAI, PASAI, and OLACEFS, as well as developed country SAIs from some large donor countries.

During phase I of the program (2013–2014), blended learning solutions will be developed to disseminate guidance through the use of learning tools like e-courses, workshops, and pilot audits. An online course on key concepts (based on United Nations (UN) principles and audit practices) will be held, followed by audit planning workshops and pilot audits.

In phase II (2014–2015), audit results will be reviewed and feedback will be obtained on the efficacy of the UN principles from both borrower and lender perspectives. This will lead to harmonization and modification of existing IDI/WGPD Public Debt Audit Guidelines and the ISSAIs for public debt audit.

A pool of global public debt audit champions will be trained in facilitation and negotiation skills, and a compendium of audit findings from the pilot audits will be published to disseminate knowledge gained.

In phase III (2015–2016), a community of practice will be established for regular information exchange. The program will be evaluated to assess intermediate outcomes and lessons learned.

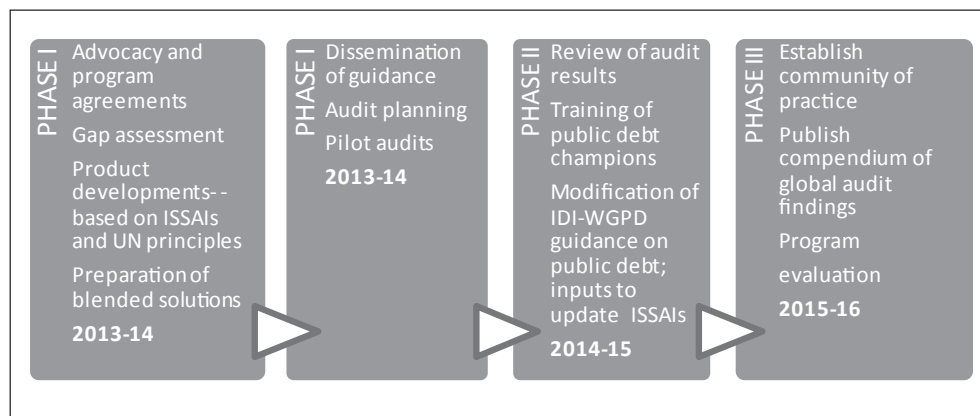
IDI UPDATE



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

The program strategy is summarized below in Figure 1.

Figure 1: Program Strategy



This program was launched at a global meeting in Geneva on June 20–21, 2013. Top management from seven SAIs—Brazil, Honduras, Kenya, Mexico (also the WGPD chair), South Africa, Nepal, and India—participated in the deliberations along with UNCTAD, WGPD, and UNITAR representatives and subject matter experts.

The SAIs presented recent country experiences in public debt auditing and discussed some significant risks countries face in public debt management and sustainability issues. Subject matter experts discussed the legal implications of lending and borrowing frameworks as well as the role of audit in strengthening pre- and post-debt contracting practices. Agreements were signed with the SAIs participating in the program.

ISSAI Implementation Initiative (3i) Program

Product Development Meeting for ISSAI Implementation Handbook—Financial Audit

A team of experts and mentors from the SAIs of Canada, Estonia, the United Arab Emirates, Bhutan, Jamaica, Tanzania, the Cook Islands, and the Philippines met in Oslo, Norway, May 20–June 7, 2013, to develop the *ISSAI Implementation Handbook for Financial Audit* and e-learning courseware for an e-course entitled "Implementing Financial Audit ISSAIs," which is the second part of the ISSAI Certification Program.

The e-course will be deployed on a UNITAR platform from July 29–September 13, 2013.

Planning Meeting for the ISSAI-based Cooperative Performance Audit on Public Debt (PASAI)

IDI is facilitating ISSAI-based cooperative audits at the regional level as part of the 3i Program. SAIs in the PASAI region highlighted the importance of having in place a robust public debt management strategy that includes sound risk management practices to achieve long-term sustainability and financial stability in the countries in the region. IDI is cooperating with PASAI to support nine audit offices (the Cook Islands, Fiji, Samoa, Palau, the Federated State of Micronesia (FSM)—National, FSM—Kosrae, FSM—Pohnpei, Guam, and the Marshall Islands) in conducting ISSAI-based performance audits of public debt.

At the planning meeting held July 16–22, 2013, in Nadi, Fiji, audit teams from participating SAIs developed audit plans in accordance with requirements of ISSAIs 300 and 3000 on performance audit. The methodology used is based on IDI's draft *ISSAI Implementation Handbook for Performance Audit* and PASAI's *Performance Audit Manual*.

3i Community Portal

Please visit the 3i Community Portal (<http://www.idicommunity.org>) for more information, updates, and products. IDI welcomes all SAIs to join the 3i communities of practice. IDI developed the portal in cooperation with the SAI of Costa Rica. Launched on May 27, 2013, the portal provides a platform for 3i information and updates, knowledge sharing, knowledge creation, interaction, and support. Membership in the community portal has been offered to 191 SAIs, 232 participants in the ISSAI Certification Program, 20 mentors and experts, and 20 other bodies, including the INTOSAI Secretariat and INTOSAI committees, subcommittees, and stakeholders. As of July 2013, the 3i portal had registered 2039 visits from 130 countries, and 427 downloads of the ISSAI Compliance Assessment Tools (iCATs) had been recorded. All cooperation partners in the 3i Program—the Professional Standards Committee, its subcommittees, and relevant INTOSAI regions—have contributed material to the 3i Community Portal.

Fourth Cooperative Performance Audit on Climate Change Adaptation and Disaster Risk Reduction

PASAI initiated the fourth cooperative performance audit on climate change adaptation and disaster risk reduction in 2012 to ensure enhanced SAI capacity to conduct future performance audits on climate and environmental issues.

The SAIs of the Cook Islands, Fiji, Palau, Tuvalu, Samoa, the Solomon Islands, Tonga, the Federated State of Micronesia (FSM)—National, FSM—Kosrae, and FSM—Pohnpei are participating in the program.



Participants in the reporting meeting of the fourth Cooperative Performance Audit on Climate Change Adaptation and Disaster Risk Reduction.

The SAI audit teams completed field audits between December 2012 and June 2013. At a reporting meeting held in Fiji June 17–22, 2013, they finalized their draft audit reports with assistance from a subject matter expert supported by the Asian Development Bank and a PASAI capacity-building advisor.

IDI–Capacity Building Committee Support Program

In 2012, IDI and the INTOSAI Capacity Building Committee (CBC) launched a cooperative program, funded by the United Kingdom’s Department for International Development, to disseminate relevant CBC guides and facilitate better representation from developing countries at meetings of the CBC Steering Committee and subcommittees.

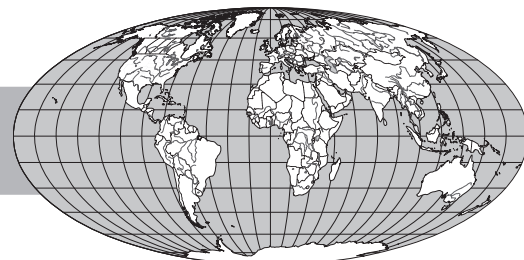
The annual meeting of subcommittee 1 of the CBC was held June 6–7, 2013, in Tunis. Representatives of 12 developing country SAIs and 8 INTOSAI regions (including 2 subregions of AFROSAI) attended the meeting with the support of this program.

Contacting IDI

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

E-mail: idi@idi.no
Website: <http://www.idi.no>

INTOSAI 2013 Events



October	November	December
<p>14 EUROSAI WGEA Training Seminar on Fraud and Corruption, Prague, the Czech Republic</p> <p>15-17 11th Annual EUROSAI WGEA Meeting, Prague, the Czech Republic</p> <p>18-19 Meeting of the Steering Committee, INTOSAI-Donor Cooperation, Beijing, China</p> <p>20 Meeting of the Professional Standards Committee, Beijing, China</p> <p>20 Meeting of the Capacity Building Committee, Beijing, China</p> <p>20 Meeting of the Committee on Knowledge Sharing and Knowledge Services, Beijing, China</p> <p>22 64th INTOSAI Governing Board meeting, Beijing, China</p> <p>22-27 INCOSAI XXI, Beijing, China</p> <p>27 65th INTOSAI Governing Board meeting, Beijing, China</p>	<p>20-22 Young EUROSAI, Rotterdam, the Netherlands</p> <p>TBD 4th Meeting of the 10th ASOSAI Research Project, Russia</p>	<p>2-5 ASOSAI Seminar, Hanoi, Vietnam</p> <p>4-5 EUROSAI Seminar, Using the Performance Audit Guidelines to Improve Performance Audit in SAIs, Bonn, Germany</p> <p>9-12 XXIII General Assembly of OLACEFS, Santiago de Chile, Chile</p>
January	February	March
		<p>11-12 IT Working Group Meeting, Berlin/Potsdam, Germany</p> <p>TBD 22nd Conference of Commonwealth Auditors-General, Malta</p>

TBD = To be determined

Editor's Note: This calendar is published in support of INTOSAI's communications strategy and as a way of helping INTOSAI members plan and coordinate schedules. Included in this regular *Journal* feature will be INTOSAI-wide events and regionwide events such as congresses, general assemblies, and board meetings. Because of limited space, the many training courses and other professional meetings offered by the regions 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>

INTOSAI

