

INTOSAI



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

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

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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INTOSAI Task Force on Strategic Planning Efforts

by Gene L. Dodaro

This is an exciting period for INTOSAI as we embark on the development of a new strategic plan for the period 2017-2022. INTOSAI provides great value both to our member SAIs and to the citizens we serve, and we have the opportunity to build on that success. As the chairman of the INTOSAI Task Force on Strategic Planning, I would like to take this opportunity to share our plans as we work toward the development of INTOSAI's third strategic plan.

The Task Force is strongly committed to a strategic planning process that is open and inclusive; one that fully considers all points of view. A vital part of this process is to make sure that all INTOSAI members have an opportunity to provide input and to review and comment on the strategic plan as it is being developed. Our final strategic plan must reflect the diversity of INTOSAI as one of our greatest strengths and as a valuable resource that can assist individual SAIs. This diversity is found in our global membership, in the different types of member SAIs, and in the wide range of needs, capacities, missions, and legal frameworks represented by our members. The Task Force will consult with individual member SAIs, and with all components of INTOSAI, to identify how the next strategic plan can best serve the needs of our membership and best illuminate our future path.

In October of last year, both during the INTOSAI Governing Board Meeting held in conjunction with INCOSAI XXI in Beijing and at the Congress itself, I had the privilege of presenting the Task Force's proposed approach for developing the next strategic plan. I want to reiterate that this approach fully reflects and embraces the evolving role of INTOSAI as a key participant in governance issues and as a standard-setting body for external auditing. The focus of this approach is on gathering systematic input from all INTOSAI members and entities, as well as from external stakeholders, to help the Task Force determine whether, and how, to recommend potential changes to strategic goals and objectives.

Editorial

Toward this end, on February 12, 2014, we held the initial meetings of the Task Force via teleconference to obtain members' views on the planning process and seek reactions to draft strategic planning materials. Most of the Task Force members were able to participate.

We agreed that one of the initial efforts of the Task Force on Strategic Planning will be a survey of all SAIs. This survey provides an important opportunity to elicit the views of all members on INTOSAI's strengths, and its internal and external challenges, as we plan for the future. In addition to the survey of SAIs, the Task Force will also systematically solicit input from other INTOSAI leaders and external stakeholders to understand INTOSAI's relationship with other international organizations and to identify emerging issues.

Much of this survey work will be completed in 2014 and will be followed by the Task Force's analysis of the survey results. The Task Force will begin drafting the plan in 2015, providing INTOSAI members and the Governing Board with opportunities to review and comment on a draft plan. By 2016, the Task Force will be ready to circulate a final draft plan for all members' review and comments, in time to deliver a consensus strategic plan for approval at the 2016 Congress.

As we move forward, the Task Force will continue to work closely with the Finance and Administration Committee and the INTOSAI Secretariat, including the Director of Strategic Planning. The Task Force will also continue to provide updates on the planning process through the International Journal of Government Auditing, updates on the INTOSAI web site, and discussions at meetings of INTOSAI's Regional Working Groups and other entities attended by Task Force members.

As we collectively chart the course for INTOSAI's future, I would like to emphasize that your views and input are critical to a dynamic and inclusive process, one that reinforces a foundation for the inclusive, widely recognized organization where our mutual experience benefits all. I urge all SAIs to complete the survey—we need your input. Please share your insights and suggestions at any point.

The Task Force can be reached at INTOSAIstrategicplan@gao.gov

Comments may be sent to our fellow Strategic Planning Task Force Members (visit the *Journal* online at <http://www.intosaijournal.org> for email links):

Austria, Belize, Brazil, Cameroon, Chile, China, Denmark, Ecuador, Gabon, Guam, India, Kuwait, the Netherlands, New Caledonia, New Zealand, Norway, Portugal, the Republic of Korea, Saudi Arabia, South Africa, Spain, Saint Lucia, Trinidad and Tobago, Tunisia, United Arab Emirates, and the United States.

NEWS

IN

brief



Azerbaijan

SAI welcomes new chairman of the Chamber of Accounts



Vugar Tapdiq oğlu Gulmammadov

The Republic of Azerbaijan has selected Vugar Tapdiq oğlu Gulmammadov to serve as the new chairman of its Chamber of Accounts. Mr. Gulmammadov, who is married with three children, was born in Baku. He graduated from the Faculty of Production Economy and Management of Azerbaijan State Economic Institute in 1993.

In 1992 Mr. Gulmammadov worked as a translator in the Surakhani machine-construction plant. In 1993-1997 he

worked as deputy chief accountant and chief accountant at the state health department of Surakhani, in the district of Baku city. From 1997-2007, Mr. Gulmammadov held various positions: inspector, deputy head, and head of department at the Finance Office of Surakhani district of the Ministry of Finance of the Republic of Azerbaijan; deputy head and head of department of the Finance Office of Sabail district; deputy head and head of sector of the Finance Office of Binaqadi district; and deputy head and head of sector of the Finance Office of Yasamal district. Since 2007 he has been leading the Department of Control of Investments of the Chamber of Accounts of the Republic of Azerbaijan.

In 2011 the President of Azerbaijan Republic awarded Mr. Gulmammadov the Medal for Distinguished Public Service. This accolade recognized special achievements in the activity of the Chamber on the occasion of the tenth anniversary of the establishment of Azerbaijan. In November 2013, Mr. Gulmammadov was appointed Chairman of the Chamber of Accounts by the decision of the Milli Majlis (Parliament) of the Republic of Azerbaijan.

For more information, please contact the Chamber of Accounts:

Email: office@ach.gov.az or chairman@ach.gov.az

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

Belgium

Court of Audit and the State Archives preserve history

For the past several years the Belgian Court of Audit has been working with the State Archives on a comprehensive inventory of its archives from 1831 to 1939. The collected documents require 325 meters of shelf space, for about 10,500 references. A records schedule now offers the Court a customized tool for efficient and cost-effective management of its paper and electronic archives.

The Court of Audit entrusted the State Archives with the task of ensuring the conservation of this rich source of information so that researchers can access it. The inventory was completed by Mr. Geert Leloup, research fellow at the State Archives, as part of his PhD thesis devoted to the Court's history. The close cooperation between the

Court of Audit and the State Archives thus proved to be successful.

The Court of Audit was set up by a decree of December 30, 1830, which makes it one of the oldest institutions in Belgium. Its history, however, had remained relatively unheralded because its carefully preserved historical archives were not open to research and were therefore inaccessible. Things have now changed, thanks to Mr. Geert Leloup's thesis entitled, "*No illusionary power. Genesis, role and power(lessness) of the Court of Audit (1814-1939)*." Mr. Geert Leloup describes the context within which the Court came into existence, the role it played from its creation until the eve of World War II, and its possible influence on policy. The most significant finding of this thesis shows that the Court is a barometer of the real balance of power within the Belgian State and the society. The researcher presented and successfully defended his thesis at the University of Ghent in August 2013.

For more information, please contact the Court of Audit:

Email: international@ccrek.be
Website: <http://www.ccrek.be>

Egypt

ASA and World Bank organize camps, labs for SAIs

Egypt's Accountability State Authority (ASA) and the World Bank organized several boot camps and solutions labs within the framework of cooperation between them. Topics covered include the following:

- 1) "**Good Practices in Supreme Audit Institution Legal Frameworks**," April 28-30, 2013. Several experts from various SAIs and international organizations presented the material of the meeting; 30 participants from the ASA attended the boot camp to share experiences on subjects such as the SAI legal and regulatory framework, SAI accountability to the legislature and citizens, and SAI financial independence and administration.
- 2) "**SAI Interaction with Stakeholders**," November 24-25, 2013. During this boot camp, international experts from Morocco and South Africa previewed how SAIs can make significant contributions to their societies by bringing accountability, integrity, and transparency to government activities. They also discussed ways to overcome challenges related to SAIs' communication with stakeholders.

In one session a delegation from the Yemeni SAI participated in the discussions.

The experts previewed in detail the following international topics:

- ISSAI 12: Value and Benefits of SAIs – Making a Difference to the Life of Citizens
- ISSAI 20: Principles of Transparency and Accountability
- INTOSAI Guideline on Communicating and Promoting the Value and Benefits of SAIs
- INTOSAI Guideline on How To Increase the Use and Impact of Audit Reports

3) "**Cooperative Audit Solutions Lab**," December 11-12, 2013. This lab's main purpose was to enhance ASA's capacity to lead and manage cooperative audits. One of the sessions was held through video conference with an expert from the Brazilian SAI. The lab previewed various experiences, identified the key stages in a cooperative audit, related issues and potential challenges, and explored a way to develop preliminary audit plans.

For additional information, contact Egypt's Accountability State Authority:

E-mail: ircdept@yahoo.com
Website: <http://www.cao.gov.eg>

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Hungary

SAO enhances utilization approach to maximize audit impact

The State Audit Office of Hungary (SAO) has adopted the methodological document entitled 'Principles on the utilisation of the SAO's work,' and has included this document into the framework of its professional rules on auditing. The document was prepared according to the guidance of ISSAI 12: *The value and benefits of Supreme Audit Institutions – making a difference to the lives of citizens*, which was approved by INTOSAI at its Congress in Beijing last autumn.

At the level of basic principles the SAO has four additional documents: 'Safeguards to ensure the SAO's independence' (in alignment with ISSAI 10), 'Principles of transparency and accountability' (in alignment with ISSAI 20), 'Principles of the SAO on proper conduct' (in alignment with ISSAI 30), and the 'Principles of quality-controlled operation' (in alignment with ISSAI 40).

The operation of the SAO has been using a utilization approach for years. This is shown in its corporate strategy, which contains the goal for the SAO to reach the best possible utilization of its audit work by the auditees, and to make the maximum impact with its audits.

All principles of ISSAI 12 appear in the SAO's new document. In alignment with the structure of ISSAI 12, the SAO's principles on utilization are under three headings: (1) Strengthening the accountability, integrity, and transparency of the public sector, (2) presenting the added value of the SAO's work, and (3) demonstrating the operation of the SAO as a model organization.

The document says that the audit of public sector, particularly the audit performed by the SAO, is able to initiate changes that improve the everyday lives of citizens. This aim is stated in the document's introduction: 'The State Audit Office of Hungary as a publicly financed institution pursues the ultimate goal to achieve a utilization of its work by the society and to create added value at the level of society.'

The new document formulates the SAO's role as, 'An independent and effective activity of the SAO is a key element of Hungary's democratic system of government.' This is evidenced by two key facts: the status and role of the State Audit Office is set down in the Basic Law; and, the Act governing the SAO was the first among the cardinal laws, which were passed by Parliament after laying down the constitutional foundations.

Pursuant to the new document, the SAO deems it as one of its important tasks to inform the citizens and other stakeholders (the audited entities, the National Assembly, the media, the general public, the professional community, and the academic world), using a targeted, continuous, and efficient strategy, in order to achieve a good utilization of its work. In order to contribute as an independent and credible source of information to the improvement of good governance and the strengthening of integrity, the SAO continues a dialogue with stakeholders. As stated in the document, 'the SAO makes efforts to act as a reference point and basis for comparison that serves as an example to follow for the audit profession and the public sector as a whole.'

For additional information, contact the State Audit Office of Hungary:

E-mail: international@asz.hu
Website: <http://www.asz.hu>

Italy

New President for Italy's Corte dei conti



Raffaele Squitieri

According to the Decree of President of Republic dated 4th November 2013, Mr. Raffaele Squitieri was appointed President of the Corte dei conti succeeding Mr. Luigi Giampaolino, whose mandate expired on 18 August 2013.

From 2007 to 2010, he was Secretary General, and from 2012, Deputy President of the Corte dei conti. During his career he has carried out functions in the different sectors of the Corte (jurisdiction, audit, and active administration) and has been one of first magistrates who has concretely carried out the performance audit function.

From 1984 to 1996 he cooperated with the Presidency of the Council of Ministers where he carried out, among other roles, the functions of Secretary of the Conference State-Regions, Head of the Study Service of the Ministry for regional affairs and Head of the Legislative Office of the Ministry for European Union policies.

From 2002 to 2005 he was Chief of Cabinet of the Ministry for artistic heritage, cultural activities and tourism and has contributed to the drafting/

elaboration of important legislative reforms as the new code for artistic heritage and landscape and the new law for the cinema. He was Member of the Council of Experts of the Ministry of Economy and Finance.

Jointly to the Corte dei conti functions, the President has always carried out teaching and research activities.

For additional information, contact the Corte dei conti:

Email: ufficio.relationi.internazionali@corteconti.it
Website: http://www.corteconti.it/english_corner/chi_siamo/president/

Japan

Japan's Board of Audit issues annual report

On November 7, 2013, Teruhiko Kawato, President of the Board of Audit, submitted the annual report for fiscal year 2012 to Prime Minister Shinzo Abe. The report contains the results of audits the Board of Audit conducted in 2012-2013 on the final accounts of the annual expenditures and revenues of the State and government-affiliated institutions. The Cabinet submitted the audit report, together with the final accounts of the expenditures and revenues of the state, to the Diet.

The Board seeks to respond to the matters with which members of the general public are highly concerned in a timely and appropriate manner, by conducting audits agilely and flexibly. In the latest annual report, the Board reported issues on topics such as a) recovery from the Great East Japan Earthquake; b) securing the safety of people's livelihoods; c) social security; d) the proper execution of the budget and the appropriate management of public accounts; e) assets, funds, and other stock; f) proper and impartial operation of systems and projects; and, g) the efficient use of administrative expenses and the effectiveness of projects.

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

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

Kazakhstan

New leadership, legislation for SAI

Appointment of new leadership

In accordance with the Decree of Nursultan Nazarbayev, on January 15, 2014, the President of the Republic of Kazakhstan chose Kozy-Korpesh Janburchin as the new Chairman of the Accounts Committee for control over execution of the republican budget of the Republic of Kazakhstan.

Mr. Janburchin was born on July 2, 1960, and has work experience in the sphere of economic and financial activities, having held senior positions in various state administration bodies. Until being appointed to the Accounts Committee he had been a Deputy Secretary of the Security Council and Chief of the Secretariat of the Security Council of the Republic of Kazakhstan for seven years. Janburchin has a doctorate degree in economics and more than 30 years of experience in economics and finance.

New legislation

Within the framework of creating a new complex system of public auditing, based on international best practices, in September, 2013, the Concept of Implementation of Public Auditing in the Republic of Kazakhstan was accepted by the Decree of the President of the Republic of Kazakhstan. A new draft law of the Republic of Kazakhstan, "On public auditing and financial control," was submitted for consideration to the Parliament of the Republic of Kazakhstan in December 2013.

The enactment of the new Law will enable the process of bringing the activity of all state financial control bodies of the Republic of Kazakhstan into compliance with commonly accepted international audit standards.

For additional information, contact the Accounts Committee for Control over Execution of the Republican Budget:

E-mail: s.mustafina@esep.gov.kz,
n.kumarova@esep.gov.kz
Website: <http://www.esep.kz>

Republic of Korea

New Chairman and Commissioners appointed

In December 2013, the President of Korea appointed Hwang Chan-hyun as the new Chairman of the Board of Audit and Inspection of Korea (BAI). In this capacity, Mr. Hwang will assume the responsibilities of the Secretary General of ASOSAI and the Chairman of the INTOSAI Platform for Cooperation with the United Nations. Mr. Hwang had served as a judge of many courts at various levels, and prior to 1982, he served as the Chief Judge of the Seoul Central District Court.

In January 2014, the president of the Republic of Korea also appointed Yoo Jin-hee and Choi Jae-hae as Commissioners, upon the recommendation of the Chairman of BAI.

For additional information, contact the Board of Audit and Inspection:

E-mail: koreasai@korea.kr
Website: <http://www.bai.go.kr>

Kuwait

SAB submits 2013-14 reports, hosts WGITA

The President of the State Audit Bureau (SAB) of Kuwait, Mr. Abdulaziz Yousef Al-Adsani, submitted copies

of SAB's fiscal year 2012-2013 audit and inspection reports on ministries and government departments to H.H. the Amir of the State of Kuwait and H. H. the Prime Minister. The SAB issues several reports on ministries and government departments, as well as attached budget and independent budget bodies of both the oil sector and investment sector.

This year, SAB participated in the "Supreme Audit Institution Performance Measurement Framework" training course that was held January 27-31, 2014, in Bhutan. The State Audit Bureau also hosted the 23rd meeting of the INTOSAI Working Group on IT Audit (WGITA) February 10-12, 2014, in Kuwait.

For additional information, contact the State Audit Bureau of Kuwait:

E-mail: president@sabq8.org ;
training@sabq8.org
 Website: <http://www.sabq8.org>

Latvia

Training program on public administration and audit

In 2013 the State Audit Office of the Republic of Latvia (SAO of Latvia) celebrated its ninetieth anniversary. Latvia's SAO has developed over the years into a professional institution, operating in the interests of society and performing its work with openness, responsibility, and a continuous process of development. The priorities of the SAO of Latvia are directly related to the overall development of the state and its municipalities, and to the cumulative set of values, attitudes, and beliefs of individuals in Latvia and in the society as a whole.

In response to recently initiated discussions on the role and mandate of the supreme audit institution of Latvia, the SAO organized an open conference in November 2013 where



The Council of the State Audit Office of the Republic of Latvia gathers at a conference held November 4, 2013.

its main stakeholders—the Prime Minister, the Minister of Finances, the Head of the Public Expenditure and Audit Committee of the Parliament, the President of the Constitutional Court, the Director of the State Chancellery, the Prosecutor General, the Director of the Corruption Prevention and Combating Bureau, other state officials, representatives of NGOs, and other experts—shared their visions on the country's development and the role of the SAO within the development of a responsible and sustainable state.

On December 27, 2013, the Council of the SAO approved a new Strategy 2014 – 2017. The new Strategy is a medium-term policy document stating the SAO's operational directions, achievable goals, and results for the next four years. This is to ensure its further development while taking into account national economic developments, the interests of the society, international experience, and the results of the strategic assessment of audit areas.

According to the new Strategy, within the next four years the SAO will strengthen the performance audit capacity and the capacity of regularity audits with performance audit elements. Within its financial audits,

the SAO will implement two audit opinions – one regarding the accuracy of financial reporting, the other regarding the legality of the auditee's operation. A new approach was implemented at the beginning of 2014: conducting audits in response to urgent matters. Substantial resources will also be allocated to raise capacity within audits in municipalities, with a goal to conduct an audit in each municipality at least once every three years, thus facilitating availability of timely and regular information to the public.

For more information, contact the State Audit Office of Latvia:

E-mail: lrvk@lrvk.gov.lv
 Website: <http://www.lrvk.gov.lv>

Lesotho

Lesotho SAI Celebrates 50 years of audit service

On September 7, 2013, the Office of the Auditor General (OAG) celebrated the fiftieth anniversary of its inception. In her remarks, the Auditor General, Mrs. Lucy Liphafa, related a trajectory of the Supreme Audit Institution (SAI) of Lesotho since its establishment in April 1963. She acknowledged support received from the Lesotho

government, and she thanked the SAI's development partners—the Swedish National Audit Office (SNAO) and the National Audit Office (UK), the governments of the People's Republic of China, India, and Ireland, and AFROSAI, AFROSAI-E , and IDI— for their unwavering support.

At the same occasion, Mr. Terrence Nombembe, the then-President of the International Organization for the Supreme Audit Institutions (INTOSAI) and former Auditor General of South Africa, offered INTOSAI's continued support to the Lesotho SAI in, among other aims, obtaining independence for the Office, an issue supported by the Deputy Prime Minister, Honourable Mothetjoa Metsing, in his launch address. The Minister of Finance, Honourable Dr. Leketekete Ketso, also promised to support the Lesotho SAI to ensure that the new audit bill is enacted as soon as possible.

The anniversary was also marked by year-long celebrations during which the office participated in various activities that brought awareness to the role of the Office of the Auditor General. Staff members took part in activities aimed at curbing environmental degradation by planting trees in designated areas, and they provided gifts to the needy as an outreach of social responsibility. And, the office held workshops for members of the Public Accounts Committee and the Principal Secretaries of all government ministries.

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

E-mail: lliphafa@yahoo.co.uk

Libya

General National Congress picks new audit bureau head

The General National Congress of Libya has appointed Mr. Khaled Ahmed



Lesotho Auditor General, Mrs. Lucy Liphafa, meets with the OAG's Chief Accounting Officers.

Shokshok as the new Head of the Libyan Audit Bureau.

Mr. Shokshok was born in Zleten, Libya, in 1971. He graduated with a Ph.D. in Accounting from Cairo University, Egypt, in 2009, and was a member of the Financial Committee in Transitional Council in Libya from 2011-2012. He then served as the head of the Financial Committee, Zleten, Libya, in 2012. Mr. Shokshok has also taught at El-Mergueb University and has presented numerous lectures on a variety of topics.



Khaled Ahmed Shokshok

For additional information, contact the Libyan Audit Bureau:

E-mail: libyansai@gmail.com

Lithuania

Lithuania introduces system for performance planning

To increase the efficiency of organizational performance, in 2013 the National Audit Office of Lithuania (NAOL) introduced an information system for performance planning and monitoring based on project management principles. This system ensures the economic and sound use of available resources, and allows reasonable and effective performance planning and monitoring as well as goal implementation.

The system comprises three components:

- *Planning* – includes all institutional functions and processes, as well as human resources;
- *Performance* – covers audit documentation, implementation of other tasks, and work-time recording; and
- *Monitoring* – allows for monitoring the execution of functions and tasks in real-time.

The new system will facilitate a more reasonable planning of organizational tasks and a better allocation of human resources. Performance

monitoring on a real-time basis will allow a timely assessment of the risks to implementation of tasks and the achievement of results. It will also facilitate appropriate and timely management decisions.

The performance planning and monitoring system will be linked to the existing information subsystems (document management and recording of audit results). Audit documentation in the newly introduced system will be easier and of a higher quality. The interface between systems will prevent the duplication of information in several databases and will facilitate information search.

The performance planning and monitoring system will help save working time and will enable the NAOL to place a greater focus on the implementation of immediate functions and tasks. Covering all levels of the organization, from organizational strategy to individual plans and indicators, it will also provide a complete view of the implementation of the NAOL plans and goals, contributing to an improvement in overall organizational performance.

Peer review at the National Audit Office of Lithuania

In January 2014, experts from the European Court of Auditors and the Supreme Audit Institutions of Finland and Norway started a peer review of the National Audit Office of Lithuania. The objective of the peer review is to assess the conformity of the NAOL performance to the International Standards of Supreme Audit Institutions and international best practices, to evaluate relations of the NAOL with the Parliament of the Republic of Lithuania and audited entities, and to receive independent recommendations of international experts concerning the improvement of the NAOL performance.

The group of international experts led by the European Court of Auditors will analyze and evaluate the performance of the National Audit Office of Lithuania throughout the year 2014. The peer review team will examine development of the annual audit program of the NAOL, review a number of selected audits conducted by the NAOL, examine applicable audit methodologies and practices, audit quality assurance process, cooperation with the Parliament, and will also hold interviews with auditors of the NAOL and representatives of the Parliament. The review will be carried out in accordance with the peer review checklist prepared by the International Organization of Supreme Audit Institutions and the signed Memorandum of Understanding. At the end of 2014, the experts will submit a report on the evaluation of the NAOL performance and as well as recommendations on how to improve performance and enhance the efficiency of public audit.

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

E-mail: nao@vkontrolė.lt
Website: <http://www.vkontrolė.lt>

Maldives

SAI issues first financial statement audit reports

On December 30, 2013, the Auditor General of Maldives issued the first Financial Statement Audit Reports on the Public Debt and State Guarantees for the year ended December 31, 2011. The Government of Maldives (GOM) faces a huge public debt due to fiscal imbalances of state revenues against a sustained budget deficit situation, which at the end of 2011 stood at around 74 percent of the GDP. Two separate audits, on Public Debt and on State Guarantees, were carried out to determine the reliability of the public

debt and state guarantees balances as maintained by the Ministry of Finance and Treasury (MOFT). The audits also served as a first step for the audit of the State Consolidated Financial Statements, which is currently being finalized, for the year ended 2012.

Due primarily to the omission of material loans owed by the GOM to State Owned Enterprises (SOEs) and Local Councils, the Auditor General has qualified his opinion on the Public Debt Statement. Long-due payables by GOM to SOEs, and funds belonging to Local Councils which had been retained by MOFT, had also not been included in the Statement of Public Debt. These funds had formed part of the financing for the state budget deficit and were in economic substance loans owed MOFT to SOEs and local councils.

In addition to the financial opinion, a separate opinion on the level of compliance of public debt with the applicable laws and regulations was provided—this was also qualified, as material loans had been issued in contravention to the provisions of the laws governing public finances.

The Auditor General has also provided a disclaimer on the Statement of Government Guarantees, as huge inconsistencies were noted with regard to the closing balances of the State Guarantee being maintained by MOFT against the balances as per the direct confirmations obtained from the lending institutions. The disclaimer was also prompted by serious issues regarding fundamental record keeping related to state guarantees. The Auditor General has reported documentation related to material guarantees was not being systematically awarded, prompting implications for the orderly maintenance of state guarantees records by MOFT, and there was a subsequent failure to provide a

reasonable accurate register and statement of state guarantees.

The audit reports in English are available for download from the SAI Maldives website: <http://www.audit.gov.mv>

For additional information, contact the Auditor General's Office:

E-mail: info@audit.gov.mv; niyaz@audit.gov.mv
Website: <http://www.audit.gov.mv>

Republic of Moldova

Twinning Project Partners visit the Court of Accounts

In January 2014, the Court of Accounts (CoA) hosted the delegation of the Consortium of Partners of the Twinning Project, "Consolidation and Strengthening the External Public Audit in the Republic of Moldova," the beneficiary of which is the Supreme Audit Institution (SAI) of the Republic of Moldova.

The Consortium of Partners in the framework of the Twinning Project consists of the Project Leader: HAUS Finnish Institute of Public Management, a National Training Institute for Public Service, is subordinated to the Finnish Ministry of Finance and the Tribunal of Accounts of Spain as a Junior Leader of the Project. In cooperation, The Consortium will offer the expertise and necessary management services to assure the successful implementation of activities and the fulfillment of compulsory results described in the Project Fiche.

The general objective of the Project is related to the improvement of responsibilities and public funds management in the Republic of Moldova, through the consolidation

and strengthening of the external public audit in accordance with the international audit standards and best European experiences.

Study visit of the Court of Accounts of the Kyrgyz Republic to the CoA

At the end of January 2014 the CoA hosted a study visit paid for by the representatives of the Court of Accounts of the Kyrgyz Republic. The agenda of the visit contained various issues related to the exchange of experience and focused on the following topics: Role and Attributions of SAI; Methodology of Annual Audits Planning; Financial Audit—Compliance to the International Standards ISSAI; Development of Performance Audit and Informational Technologies Audit; Environmental Auditing; Quality Control; Local Public Authorities Auditing; General Objectives of Auditing for the Creation of Local Public Finances and of State Assets' Management; and, Cooperation with Law Enforcement Authorities.

Collaborations with international organizations

In January 2014, the CoA's delegation participated in the workshop "Enhancing Ethics within Supreme Audit Institutions," organized by the Working Group on Audit and Ethics within European Audit Institutions of the EUROSAI. The event took place in Lisbon, Portugal, and was hosted by the Tribunal de Contas of Portugal, the institution that held the Presidency of the Working Group. The workshop was held in plenary sessions with separate discussions on various topics of common interest, and included presentations by the participants on enhancing the ethics of SAIs.

During this time, the CoA's auditors also attended the workshop "Strengthening Institutional Capacities of SAI," organized by the Center of Excellence in Finance in Ljubljana, Slovenia. The workshop focused on various topics, such as the SAI's role in rising accountability in the public finance system, the perception of the role and responsibilities of SAIs in



The Consortium of Twinning Partners and the CoA's Twinning Working Group hold a workshop in January, 2014.



The Kyrgyz delegation (left) and the CoA's Management (right) meet in January 2014 to discuss issues related to the exchange of experience.

cooperation with other stakeholders (such as Parliament, civil society, and the media) and the new INTOSAI audit standards such as ISSAI 12. The workshop was divided into sessions featuring interactive discussions between participants. Every topic discussed was combined with practical examples and exercises based on case studies, followed by discussions, presentations, debates, and the sharing of experiences.

For additional information, contact the Court of Accounts:

E-mail: ccrm@ccrm.md
Website: <http://www.ccrm.md>

Myanmar

Myanmar hosts courses in reporting and accounting standards

With the support of the Institute of Chartered Accountants in England and Wales, a five-day practical intensive training on International Financial Reporting Standards (IFRS) and International Public Sector Accounting

Standards (IPSAS) was held at the Office of the Auditor General of the Union, in Naypyitaw, Myanmar, January 20-24, 2014.

The 105 delegates from the Office of the Auditor General of the Union and the Offices of the Auditor General of the Region/State attended the course. Mr. Mike Turner, a course director for the Institute of Chartered Accounts in England and Wales, delivered the five-day program.

The course provided hands-on experience with the application of IFRS and IPSAS practices. During the course, delegates became familiar with specific IAS/IFRS and IPSAS issues that are relevant to the Myanmar business environment.

GIZ Workshop on Accounting and Auditing Standards

GIZ Workshop on International Standards on Accounting and Auditing was held at the Office of the Auditor General of the Union, in Naypyitaw, Myanmar, February 3-4, 2014.

The 42 participants from the Office of the Auditor General of the Union attended the workshop delivered by Mr. Shamim Diouman.

The workshop provided an overview on ISA 260, "Communication with those charged with Governance," as well as case studies and participant interaction.

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

E-mail: oagmac@gmail.com
Website: <http://www.oagmac.gov.mm>

Norway

New auditor general

Mr. Jørgen Kosmo resigned December 31, 2013, after serving as Auditor General of Norway for eight years. The Norwegian Parliament has appointed Mr. Per-Kristian Foss as the new Auditor General of Norway for a period of four years. The Auditor General of Norway is also the new chair of the Board of the INTOSAI Development Initiative (IDI).



Per-Kristian Foss

Mr. Foss, a graduate in political science, has been a member of the Norwegian Parliament for 28 years (1981- 2001, 2005-2013) including serving as a member of the Parliamentary Committee for Scrutiny and Constitutional Affairs for eight years. This committee reviews and submits recommendations to the parliament on all the reports from the Office of the Auditor General of Norway. In his last period in the parliament Foss served as the Second vice-Chair of the Parliament.

Mr. Foss has also served as Minister of Finance for four years, in 2001-2005.

For further information please contact the OAG Norway:

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

Peru

SAI Peru celebrates 84 years of public service

On February 28, 2014, the SAI of Peru, or *Contraloría General de la República del Perú*, celebrated its eighty-fourth anniversary. Founded by Congress Law in 1930, in 1964 the SAI Peru was declared a constitutional autonomous organism, with administrative and functional independence. The SAI Peru is responsible for supervising the legality of the implementation of the State Budget, public debt operations, and actions of institutions subjects to control. This status has remained during modifications of subsequent regulations.

The SAI of Peru is currently governed by Law No. 27785, Organic Law of the Contraloría General de la República and the National Control System, published on July 23, 2002. These regulations contemplate attributions, principles, and criteria applicable

to ex ante, ex post, concurrent, and preventive control actions performed by this SAI.

During the anniversary of its service to citizens, the SAI of Peru is undergoing an ambitious institution transformation process aiming to implement a working plan under the concept “client-product-production.” This process will allow an efficient and effective government control to properly respond to control demands of citizens and public institutions.

For additional information contact SAI Peru:

E-mail: cooperacion@contraloria.gob.pe
Website: <http://www.contraloria.gob.pe>

Romania

The 150th anniversary of the Romanian Court of Accounts

On January 24, 1864, the Parliament of Romania (the Elective Assembly) adopted in Bucharest the establishment of the High Court of Accounts of Romania - according to the French and Belgian model- an institution involved in the reform and modernization process of the Romanian state, headed at the time by Ruler Alexandru Ioan Cuza.

The institution of the Romanian Court of Accounts (RCoA) has had a positive imprint on the economic and social evolution of the country, and has contributed to the state modernization and to the maintenance of Romania in the European and universal framework.

Re-organized several times, and even abolished on December 1, 1948, the RCoA was re-established by law in 1992. The Constitution of Romania of 1991 provided that: “The Court of Accounts unfolds the control of the establishment, management and use

of the state and public sector financial resources.”

Based on the Constitution of 1991, on September 9, 1992, the Law no. 94/1992 on the organization and operation of the RCoA was published, and the institution launched its activity on March 1, 1993. The Constitution of 1993 provides that the members of the RCoA are independent in the conduct of their mandate and are irremovable on the whole duration of such.

Recent reports

The Public Report for 2012 was approved by the Plenum of the Romanian Court of Accounts on December 19, 2013. It includes the results of the financial audits, compliance audits, and performance audits conducted by the RCoA in 2013. Furthermore, a distinct chapter is devoted to the assessment of the internal control systems in place at the audited entities.

The RCoA also published, on the same date, the activity report for 2013, which contains information on the institutional organization, on activities and outputs, on the international activity, and on the human and financial resources pertaining to the previous year.

The synthesis of the public report and the activity report shall soon be available in English on the institution's website.

Capacity building and current activities at the Romanian Court of Accounts

In order to promote its activity abroad, the RCoA issues the biannual *Romanian Court of Accounts' Journal* in both Romanian and English. The Journal is printed and also published on the Court of Account's website.

Aiming to provide our staff the information disseminated by INTOSAI and EUROSAI to member SAIs, through the INTOSAI *International Journal of Government Auditing* and *EUROSAI Magazine*, in each issue of RCoA's Journal an article is dedicated to a synthesis of the content of these publications.

For additional information, contact the Romanian Court of Accounts:

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

Slovenia

New president, two new deputies for Slovenia's SAI

In 2013, nine-year mandates of the Senate members of the SAI Slovenia expired. Borut Pahor, President of the Republic of Slovenia, proposed to the Parliament three candidates to be elected members of the Senate. The Parliament elected, through a secret vote, Tomaž Vesel as the President of the Court of Audit of the Republic of Slovenia on April 24, 2013, Jorg Kristijan Petrovič, MSc, as the First Deputy President on February 1, 2013, and Samo Jereb as the Second Deputy President on October 24, 2013.

Tomaž Vesel (born 1967 in Ljubljana) graduated in 1997 from the Faculty of Law at the University of Ljubljana. He continued his education in 2007 with postgraduate studies in the field of European business law at the Faculty of Law of the University of Maribor, where he has been working on his Master's thesis. Vesel achieved two titles in October 2012—state auditor and certified state auditor. He began his career in 1997 at the Government Centre for Informatics of the Republic of Slovenia and then continued between 1999 and 2004 as a member of the National Review Commission of the Republic of Slovenia. At the

end of 2003, Vesel was elected First Deputy President of the Court of Audit of the Republic of Slovenia, an office he held from February 1, 2004, until February 1, 2013, when he was appointed Supreme State Auditor at the Department for auditing non-commercial public services.

Jorg Kristijan Petrovič (born 1969 in Ljubljana) graduated in 1996 from the Faculty of Economics at the University of Ljubljana in the field of Money and Finance. He continued his education with postgraduate studies at the Faculty of Economics of the University of Ljubljana, completing his Master's degree in Accounting and Auditing in 2004. He started his career at the Court of Audit of the Republic of Slovenia in 1996 as an assistant auditor. From 1999 to 2004 Petrovič performed the function of an advisor to the Mayor of the Municipality of Trzin in the field of Finance and Budget. In 2004 he was appointed Supreme State Auditor of the Court of Audit of the Republic of Slovenia, taking over the department for local self-government auditing. He held this office until March 2006, when he was appointed Supreme State Auditor of the Court of Audit at the Department.

Samo Jereb (born 1972 in Ljubljana) graduated with a Bachelor of Economics degree and subsequently obtained the titles auditor, authorized auditor, state internal auditor and certified state internal auditor.

Jereb initially worked as an independent auditor in the private sector, where, among other duties, he was involved in teams implementing audits of major companies. Mr. Jereb provided training and counselling in the fields of accounting and auditing. Since 2004, he has been employed at the Court of Audit of the Republic of Slovenia as a Supreme State Auditor, leading the Department for auditing the operations of commercial public

service providers, public agencies, and public funds as well as implementing environmental and privatization audits. In the first half of 2013, Jereb also performed the tasks of a Supreme State Auditor.

For additional information, contact the SAI of Slovenia:

E-mail: sloaud@rs-rs.si
Website: <http://www.rs-rs.si>

South Africa

New Auditor-General for South Africa

Thembekile Kimi Makwetu was born in Cape Town and studied Social Sciences at the University of Cape Town. He received a BCompt Honours degree from the University of South Africa (Unisa) in 1997 and is a qualified chartered accountant (CA).

Mr. Makwetu began his career with Standard Bank and later worked at Nampak. He completed his articles at Deloitte, where he progressed to senior management before joining Liberty and Metropolitan Life. Makwetu returned to Deloitte as a director in the firm's forensic unit before his appointment at the Auditor-General of South Africa.



Thembekile Kimi Makwetu

After serving as Deputy Auditor-General since 2007, Mr. Makwetu was appointed as the Auditor-General on December 1, 2013. He is married and has three children.

For additional information, contact the Auditor-General of South Africa:

E-mail: agsa@agsa.co.za
Website: <http://www.agsa.co.za>

Turkey

Reporting the TCA's activities to the Turkish Grand National Assembly

The aim of the Public Financial Management and Control Law numbered 5018, which defines the general framework of public financial management in Turkey, is to establish a system for ensuring financial discipline, securing the use of public sources, and strengthening financial transparency and accountability. The duty of external audit, which is one of the most important and indispensable factors of this system, is carried out by the Turkish Court of Accounts (TCA).

The external audit is executed according to the generally accepted international audit standards on the basis of the public administration's accounts and relevant documents. The external audit is executed by conducting financial audit regarding the reliability and accuracy of the financial statements of public administrations; determining whether the financial operations of public administrations related to their income, expense, and assets comply with laws and other legal regulations; identifying whether the public resources are used effectively, economically, and efficiently; measuring activity results and evaluating them for performance; and reporting the audit results to the Turkish Grand National Assembly.



Associate Professor Dr. Recai Akyel, President of the Turkish Court of Accounts (left) and Mr. Cemil Çiçek, Speaker of the Turkish Grand National Assembly.

The purpose of the external audit conducted by the TCA is to submit reliable and sufficient information to the Turkish Grand National Assembly and the public concerning the activity results of public administrations, as required by the power of the purse; to execute public financial management in line with laws, and safeguard the public resources; to evaluate the performance of public administrations; and to establish and extend accountability and fiscal transparency. In line with those purposes, the TCA audited the financial operations, decisions, and transactions of public administrations for 2012 within the framework of accountability, and worked to submit accurate, sufficient, timely information and reports to the Turkish Grand National Assembly regarding audit results.

In this scope, the following reports were submitted to the Turkish Grand National Assembly on September 12, 2013, and made public:

- Statement of General Conformity
- External Audit General Evaluation Report
- Accountability General Evaluation Report
- Financial Statistics Evaluation Report

■ External Audit Reports of Public Administrations

The independent and objective audits conducted by the TCA, and the reports it produced after those audits, will be an important tool for contributing to good governance. They will also aid in fostering an understanding of strategic management, based on transparency and accountability in public financial management, by developing the managerial accountability of the enforcers of public service.

For additional information, contact the Turkish Court of Accounts:

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

Ukraine

Renewed mandate for audit of state budget revenues

Activities of the Accounting Chamber of Ukraine aimed at the renewal of a mandate for the audit of state budget revenues succeeded – on September 19, 2013, the Supreme Council of Ukraine (Parliament), by constitutional majority, approved amendments to article 98 of the Constitution of Ukraine

as to the renewal of Accounting Chamber powers.

Parliamentary control both over the accumulation and management of public funds, which is a common international practice established in many countries throughout the world, shall guarantee the transparency of the budgetary process in Ukraine. Now the Accounting Chamber faces new objectives and challenges related to the provision of independent and unbiased control over the budgetary sphere. This will impact processes on a national scale, promoting the effective management of resources for the purpose of implementing national socioeconomic programs.

For additional information, contact the Accounting Chamber of Ukraine:

E-mail: rp@ac-rada.gov.ua

Website: <http://www.ac-rada.gov.ua>

United Kingdom

NAO launches new Transformation Program

This is an exciting time for public audit in the UK. The landscape has changed dramatically in the last few years, reflecting both the new economic context of austerity and cost reduction shared by all Western economies, as well as specific institutional change resulting from the current UK government's reform agenda. The delivery of services to citizens has increasingly become decentralized, with a growing proportion of public service provision being contracted out to the private and third sectors. The UK government is seeking at the same time to improve the way in which government bodies plan major projects, manage their finances, and make use of information. These developments are raising concerns about accountability, including the quality of oversight arrangements and

the quality of information being used for decision making.

To respond to these developments and meet the expectations of Parliament, the Departments, and the public, the National Audit Office (NAO) has launched an internal organizational change program - the Transformation Programme. As part of this program, we have reconfigured the NAO's Leadership Team, restructured senior roles (abolishing a substantial number of senior posts), and cut back on many of our central corporate service. Over a three-year period we expect this to deliver savings of around 20 percent in real terms without reducing the total output of audit reports or the financial savings, which in 2012-13 were nearly £1.2 billion.

However, the main change has been to integrate our financial and value-for-money audit teams into clusters, centered on six strategic issues which our client Departments are currently facing.

The six clusters are grouped under the following categories:

- **Mass Market Operations** - including areas such as the Department for Works and Pension and HM Revenue and Customs, which deliver mass transactional services to customers.
- **Influencing and Regulating** - covers a number of parts of government such as the Department for Business, Innovation and Skills, the UK Foreign Office, and the Department for the Environment, Food and Rural Affairs, which influence and regulate markets, protect consumers and the environment, and promote economic growth.
- **Delivery through Networks** - including the Home Office and the Ministry of Justice and Education, which have complex devolved delivery chains to provide services for a diverse range of users,

often commissioning commercial providers to deliver services.

- **Delivering Major Long-Term Projects and Programs** - in areas such as Defense, Transport, and Energy, where governments often struggle to deliver major projects to time and budget.
- **Local service delivery and user experience** - in areas such as health and local government, where central government work in partnership with locally elected officials and others to deliver services to citizens.
- **Effective Strategic Center** - covering those central Departments such as HM Treasury and the Cabinet Office, which need to develop and coordinate major national strategies.

These changes are enabling the NAO to better assess risk across its portfolio of work, identify synergies, and plan a more integrated program of audit and other assurance work in each audit client. This approach is also encouraging us to think more widely about the nature of the work we do and the reports we produce. We are carrying out more investigative work into areas of concern raised with us by Members of Parliament or members of the public, and we are undertaking more comparative work to show how UK Departments compare with others, in the UK and elsewhere, carrying out similar government activities. We are reacting more rapidly to emerging issues to provide assurance earlier in the lifecycle of a project or program, and are reporting more quickly to identify initial risks to try and prevent early administrative failures from snowballing into significant value-for-money failures. For example, we have reported early on the business case for the High Speed 2 rail line, a major new rail link from London to the North of England, and on the implementation of Universal Credit, a key element of the government's welfare reforms. By delivering a wider range of

better focused outputs for different stakeholders we are aiming to increase the impact of our work.

Progressively, the clusters will become centers of sector expertise, with core audit skills in financial management and information. By being more integrated and building deeper skills among staff, we hope also to achieve further efficiencies. Our new approach will ensure that our knowledge across all of our financial audit and value for money work is better linked, that we provide a more proportionate and risk-based approach, and that our outputs are tailored more appropriately for our parliamentary and other stakeholders.

These new ways of working will be fully operational in early 2014. However, even once these approaches have become part of our routine way of working, we will continue to seek improvements in the way we undertake our work to identify more efficient and effective ways to support Parliament in holding Departments to account.

We would be happy to share more information with other SAI colleagues who have any questions on any of the points raised in this brief. In addition, we would be particularly interested in developing communities of interest with other SAI colleagues working on similar issues through electronic exchanges and, if necessary, via video or teleconferences. Please contact david.goldsworthy@nao.gsi.gov.uk for further information.

Commonwealth Heads of Government support greater SAI independence

The Commonwealth Heads of Government meeting in Sri Lanka in November 2013 recognized the importance of strong and independent SAIs and Public Accounts Committees. The final communique contained the following points, among others:

Audit Institutions

45. Heads recognised the contribution that strong, properly resourced and independent supreme audit institutions play in improving transparency, accountability and value for money to ensure that public funds are appropriately spent.

Public Accounts Committees

46. Heads of Government further reaffirmed that strong and independent Parliamentary oversight plays an important role in preserving the trust of citizens in the integrity of government, through Public Accounts Committees that are effective, independent and transparent.

This complements the excellent work of the INTOSAI Secretariat in achieving the UN resolution and was achieved thanks to the efforts of SAIs and PACs across the Commonwealth led in particular by the SAI of Malta and the PAC of Australia. The challenge now for the Commonwealth SAIs is to keep the pressure on governments to ensure that these fine words lead to actions.

For additional information, contact the National Audit Office:

E-mail: C&AG@nao.gsi.gov.uk
Website: <https://www.nao.gov.uk>

Vietnam

Legal status of SAV and AG is declared constitutional

By implementing the Resolution A/66/209 of UN General Assembly dated December 22, 2011, and conforming to the Lima Declaration and Mexico Declaration, the legal status of the State Audit Office of Vietnam (SAV) is enshrined in the Constitution of the Socialist Republic of Vietnam

for the first time as an independent constitutional institution quoted in a separate chapter. The amended Constitution of Vietnam stipulates the legal status of the SAV and the Auditor-General as follows:

1. The State Audit office is an organ created by the National Assembly, shall act independently and only obey the law. It exercises the audit of the management and use of public finance and property.
2. The Auditor-General shall be the head of the State Audit Office, elected by the National Assembly. The term of office of the Auditor-General shall be provided by the law. The Auditor-General shall be responsible for and report on audit results and his/her work to the National Assembly and, when the latter is not in session, to its Standing Committee.
3. The organization, duties, and authorities of the State Audit Office shall be provided by the law.

The legal status of the SAV is stipulated by the Constitution to strengthen their position and responsibilities. Accordingly, the SAV shall conduct the audit of the management and use of public finance and assets. Such regulation means that the SAV has indeed become an important tool. The SAV's position has been established in the political system of the State of Vietnam, in the power system, and in the bureaucracy of the State.

For additional information, contact the State Audit Office of Vietnam:

E-mail: vietnamsai@sav.gov.vn
Website: <http://www.sav.gov.vn> or
<http://www.kiemtoannn.gov.vn>

How to Increase the Impact of Environmental Performance Audits

by John Reed, Canadian Comprehensive Auditing Foundation (CCAF-FCVI Inc.) and Jean Cinq-Mars, Sustainable Development Commissioner (Office of the Auditor General of Québec)

Introduction

Performance auditors desire to have a positive impact on the programs and entities they audit. Similarly, performance auditors focusing on environmental, health, and safety issues want to see their recommendations implemented and programs and entities to improve as a result. Ultimately, they want environmental quality and the health and safety of all citizens to benefit from their audits.

The authors hold the view that it is possible to increase the impact of environmental performance audits and to improve environmental quality through careful audit topic selection, planning, execution, reporting, communication, and innovation.

The foundations of a successful performance audit

Performance audits focus on a wide variety of topics. One audit will focus on a single question in a single departmental program, while another will look at several complex issues in several programs managed by many departments. Some audits focus on economy or effectiveness; others, on efficiency. Many audits examine compliance with policies, laws, and regulations while others focus on the management systems and controls that support such compliance. Most audits look at results. While environmental performance audits deal with a specialized subject, they also fall in the categories listed above.

The success of all performance audits rests on the same necessary foundations: a solid methodology, qualified people, and a sound knowledge of the subject matter.

Audit offices recognize the importance of solid methodology. Methodology that complies with professional standards, adopts best practices, and reflects key principles of quality assurance and quality control will add value and help bring about change.

To apply audit methodology as intended and complete audits in a timely manner requires strong audit teams, consisting of the right people with the right skills for each project. The most effective performance auditors usually possess a combination of key skills, particularly professional judgment, critical thinking, creativity and innovation, and the ability to lead and supervise, and to manage relationships and communications, both internally and externally.

Finally, to have an impact, auditors must select the right issues to audit, prepare a report that addresses the main questions convincingly, and communicate their conclusions effectively—all of which require a sound knowledge of the subject matter. For environmental auditors, this generally means having a good understanding of current environmental issues and of relevant environmental laws, regulations, policies, standards, and international agreements (such as those involving climate change, protection of endangered species, and waste management). It may also involve consulting advisors and specialists who have related experience with the audit topic.

editor's note

The following article is based on a keynote presentation by John Reed and Jean Cinq-Mars given at the 15th Meeting of the INTOSAI Working Group on Environmental Auditing held in Tallinn, Estonia, June 2013. The presentation was subsequently developed into a full Discussion Paper by the CCAF, Vérificateur général du Québec, and the Office of the Auditor General of Canada. This is a condensed version of the Discussion Paper, which can be found on the website of the CCAF at www.ccaf-fcvi.com. The presentation in Tallinn also inspired the creation of a new INTOSAI WGEA Research Project on “How to Increase the Impact of Environmental Audits,” which is being co-led by the SAIs of Lesotho and Cameroon.

Planning phase

A well-selected and planned audit is more likely to bring about significant change and add value. The following are recommended steps to take in the planning phase of an environmental performance audit.

1. Choose topics that people connect with. All performance audits start by selecting a topic. This is the most important and often the most difficult decision in the whole process. Selecting good topics for performance audits generally requires a sound knowledge of the subject matter, a thorough risk analysis, plenty of discussions among team members and subject matter experts, and a large dose of professional judgment. Auditors can increase impact by choosing topics that legislators and the public care about, such as health, the economy and jobs, the local environment and community, or the nation as a whole.
2. For audit objectives, focus on results, not systems. Government decision-making processes, management systems, and internal controls are important for achieving environmental results. And yet, these systems are not usually matters that people really care about or connect with. Environmental audits that focus (partially or exclusively) on tangible outcomes and results achieved are more likely to attract the attention of parliamentarians, the media, and the public than audits that focus solely on systems or procedures. Results could include the extent to which governments have solved existing environmental problems.
3. For audit criteria, go beyond compliance. One of the main challenges in performance auditing is to select appropriate criteria to assess an entity's performance in relation to the audit objective(s). Government environmental regulations are often based on minimum requirements. When auditors use minimum requirements as audit criteria, they are tacitly promoting minimum measures and are unlikely to bring about positive change. In contrast, high-impact audits are those that:
 - use best practices as expectations against which to assess programs and departments,
 - compare the performance of audited entities with similar organizations in other jurisdictions, and
 - expect to observe constant improvements over time.
4. Regarding timing, exploit “pivot points” in the issue's life cycle. Environmental performance auditors can take advantage of the fact that many environmental issues operate on long-term cycles that include a number of “pivot points”—key moments when decisions need to be taken that will influence future actions and events. Auditors can identify pivot points and attempt to time the conduct and reporting of an audit so that it influences the decisions that will be taken, such as before formal “meetings of parties” to consider international issues like climate change and ozone protection. Other pivot points can be the periodic review of key environmental legislation and the end of the first phase of a departmental program. It is also better to audit a potential risk area before it becomes a major disaster, such as assessing the preparedness to respond to an oil spill at sea before a large spill actually occurs.

5. When setting the scope of the audit, consider linkages. Auditors should consider doing multiple audits on one topic in one year or over a period of years. Many environmental issues have various dimensions and are interconnected, so multiple audits on a single large topic, like climate change or biodiversity, may be a sound approach if the intent is to increase an issue's profile and provide comprehensive coverage, which is more likely to foster debates and bring about comprehensive solutions than a narrowly focused audit. Auditors should also consider linkages to sustainable development and its three aspects (economy, environment, and society); if these can be demonstrated concretely, the resulting audit reports will appeal to a broader public and won't be easily dismissed as supporting impractical, one-sided visions.
6. When determining the focus, tackle the drivers of degradation. The Drivers Pressures State Impacts Responses (DPSIR) analytical framework can be a useful tool to increase the impact of environmental audits by tackling the underlying forces behind environmental degradation and impacts on people. The DPSIR framework has been used for decades as a means to understand the causes and effects of environmental problems. Each element is described below.

Drivers: Drivers are the overarching socio-economic forces that exert pressures on the state of the environment. Population growth, globalization, economic development, energy use, and transport are seen as particularly significant environmental drivers.

Pressures: Drivers in turn produce “pressures” on the environment, essentially stresses resulting from human activity. These include land use change, resource extraction, use of external inputs such as chemical fertilizers, emissions of pollutants and wastes, and the movement of organisms.

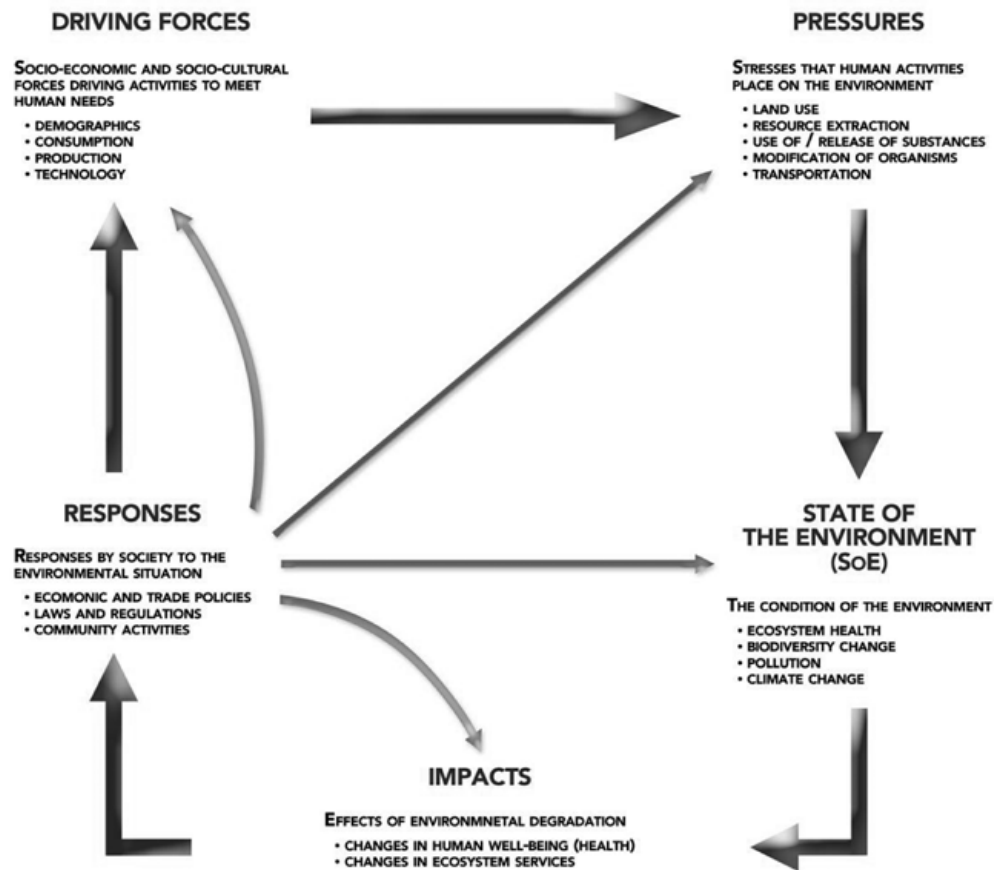
State: Pressures in turn affect, usually negatively, the condition or “state” of the environment, which consequently impacts human well-being and ecosystems. For example, pressures can lead to ozone depletion, climate change, pollution, and loss of biodiversity.

Impacts: The “impacts” ultimately lead to government interventions, or responses.

Responses: Auditors need to understand how the government has responded to a given environmental issue by identifying, for example, what international treaties have been signed; what policies, laws, and regulations have been enacted; and what controls and processes have been put in place. Auditors typically use these as a starting point for developing audit objectives and criteria and for auditing results achieved.

The DPSIR framework can help environmental auditors to understand and diagnose what is happening to the environment and why, what the consequences are, and what measures the government has put in place. More importantly, using the framework may help to focus the audit on the measures taken by government to address the drivers and pressures that cause the degradation in the first place, not just on the measures to deal with the degradation. For example, an audit of drinking water quality could focus on the measures in place to treat and distribute safe drinking water and on the measures to prevent water supplies from being contaminated.

The DPSIR Framework
(Drivers-Pressures-State-Impacts-Responses)



7. Conduct collaborative audits and learn from others. Environmental issues often cross borders. By collaborating with audit offices in other jurisdictions and releasing joint reports or separate reports around the same time, auditors can multiply their impact, raise the profile of an issue, and bring about new collaborative initiatives between concerned administrations to tackle common environmental problems.

The INTOSAI WGEA has produced guidance materials for collaborative audits and has many examples of such audits on its website, such as the Coordinated International Audit on Climate Change conducted by 14 national audit offices and based on 33 individual audits. The WGEA also has a large database of audits conducted by national audit offices around the world. Between 1993 and 2011, national audit offices in over 100 countries conducted more than 3,200 financial, compliance, and performance audits related to the environment.

Audit Execution and Examination

A key step in audit execution and examination is to anticipate and continually assess data needs. In the planning phase, the types, sources, and limitations of evidence and data are identified. Also at this stage, auditors should try to determine the types of

qualitative and quantitative data analysis they will carry out on the evidence and how it may be presented. In the examination phase, auditors need to continually assess whether the anticipated type of data and evidence is available and still relevant and if not, make any needed adjustments to the audit plan.

The data and evidence found during the examination phase leads to observations. Performance audits, like all audits, compare a situation that exists with the way it should be, based on suitable criteria. The gaps between the two result in audit “findings” or “observations.” Examples of common audit findings include:

- lack of compliance with rules or policies,
- results not being achieved as intended,
- risks not being evaluated and managed,
- strategies not being developed or followed,
- activities and actions of key players being poorly coordinated or having unclear roles,
- missing data or information to measure program results or to support decisions, and
- weak or absent oversight.

To answer the burning question, “Why do these deficiencies occur?” auditors should perform root cause analysis, which can support effective recommendations that lead to solutions that prevent the problem from recurring. One caution, however: root causes that are traced to the merits of policy, availability of resources, or partisanship can be difficult for legislative auditors to address.

Reporting Audit Findings

By the end of the examination phase, auditors have usually gathered evidence from various sources, all of which has to be considered, analyzed, and retained or discarded. In this evidence lies the story the audit will eventually tell. The challenge is to determine what the main messages will be and how to best present them in a clear, convincing manner.

The most effective reports answer the following questions:

- “What?”—Identify the problems uncovered by the audit.
- “So what?”—Explain why the reader should care about the audit findings.
- “Why so?”—Identify the root cause of problems or observations.
- “What next?”—Highlight the recommendations or solutions proposed.

In addition, auditors should strike the right tone and communicate a balance of positive and negative findings that reflects the evidence gathered.

Auditors should use the roll-up technique for developing good audit reports. This technique involves filtering information and prioritizing messages for inclusion in the report. Auditors examine the large amounts of information normally collected during an audit in order to identify usable evidence and include in the report only those facts,

observations, and conclusions that are material, significant, and/or of high risk. In the environmental domain, significance and risk can and should relate to human health, ecosystem functioning, and the financial consequences of environmental degradation.

Auditors should use their reports to educate. Environmental questions are often complex and it may be necessary to explain important concepts in a report's introduction to help readers fully understand audit findings and their significance. The introduction is an ideal place to provide basic context and background information and make links to any related economic and social aspects.

Report authors should use plain language and avoid being too technical. Similarly, reports that help readers identify with the topic and care about the audit findings will have more influence. This can be achieved by using concrete case studies, such as ones about potential health impacts in urban areas.

Ultimately, the impact of an environmental performance audit will depend on the quality of the recommendations and on their implementation. Too often, recommendations are prepared at the end of the audit, seemingly as an afterthought. Instead, the thought process for recommendations should start during the examination phase.

Auditors can make strategic recommendations by focusing on the “pivot points” (discussed earlier) in relevant decision-making processes.

They can also aim to create a “domino effect.” The domino effect refers to situations in which changes to one element of a system trigger changes in its other elements; the effect is greater when system elements are closely interlinked and when recommendations are targeted at a key point in the decision-making process. For example, introducing a carbon tax will create a domino effect in society and in the economy since the tax is likely to result in reduced consumption of carbon-intensive products, lower greenhouse gas emissions, increased use of public transport, better air quality, improved health for citizens, and lower health care costs.

Recommendations that are superficial (for example, “the entity does not have a strategy, so we recommend it develop a strategy”) or superfluous (for example, “the entity should continue to do...”) are unlikely to lead to significant changes. In some cases they may be required as a first step, but to be effective, recommendations should:

- be strategic, not operational, in nature;
- address the root cause of identified problems, not their symptoms;
- focus on the expected result or outcome, not on the means of getting there;
- try to be innovative and to push the boundaries (such as by analyzing and comparing the practices used in other administrations); and
- always remain realistic and consider the views of the audited entity on the proposed recommendations.

Another way to increase the impact of an environmental performance audit is to reach out to audiences beyond the usual suspects that can help to reinforce audit messages and impact. For example, environmental auditors can contact specialized media, journals, academics, and members of civil society, including grassroots organizations and youth.

Follow-up

If one audit can have an impact, two audits can have even more. Conducting one or a series of environmental audits and later conducting a follow-up audit to determine progress in resolving deficiencies and implementing recommendations can ensure that audit work will have a sustainable impact. Indeed, when entities know that a follow-up audit might (or will) take place, they are more likely to take concrete actions.

Follow-up audits usually occur a few years after the original audit—enough time for entities to implement recommendations. In most cases, only one follow-up will be done. But sometimes it is good to have a long-term plan for more follow-up audits, especially in the environment domain, where issues tend to have long time frames.

Conclusion

Governments are tasked with managing and addressing key environmental issues, from the impacts of climate change to urban smog. Audit offices have the mandate to assess the implementation and effectiveness of the management of these issues and many more.

Environmental audits can affect change in these areas. But this requires careful attention to audit topic selection, planning, execution, reporting, and communication.

By focusing on these elements, auditors can increase the impact of environmental performance audits and, as a result, improve environmental quality through better and more effectively managed programs. Even auditors play a role in the concept behind the saying, “We don’t inherit the Earth from our parents— we borrow it from our children.”

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Engaging Civil Service Organizations in SAI Audit

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Background

Public sector auditing, as championed by the Supreme Audit Institutions (SAIs), enhances people's lives. The preamble of ISSAI 12: *The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens* states that once an SAI's audit results have been made public, citizens are able to hold the custodians of public resources accountable.

The 21st UN/INTOSAI Symposium (2011) on *“Effective Practices of Cooperation between Supreme Audit Institutions and Citizens to Enhance Public Accountability”* emphasizes the importance of effective cooperation between SAIs and citizens to safeguard and enhance transparency, accountability, and good governance within government. The Symposium further confirmed that effective cooperation is only possible through effective communication. In terms of enhancing transparency in the public accountability process, citizens have been recognized as natural partners of SAIs.

As end users of government activities and services, citizens are a rich source of knowledge and information about government performance and operations. Therefore, a continuous dialogue with citizens raises citizens' awareness of the work of SAIs and strengthens public confidence in public administration. Greater citizen participation—which can be encouraged by developing mechanisms to receive and monitor complaints for noncompliance and maladministration, and suggestions for improved public administration and services—provides information for future audit focus areas and for scope and risks to be considered.

The 22nd UN/INTOSAI Symposium (2013) on *“Audit and Advisory by SAIs: Risks and Opportunities, as well as Possibilities for Engaging Citizens”* recalls UN Resolution A/66/209 “Promoting the efficiency, accountability, effectiveness and transparency of public administration by strengthening Supreme Audit Institutions.” This resolution states that citizens and civil society are equally important as addressees of audit reports and recommendations and competent political bodies, and they contribute to effective control through a public debate. The Symposium emphasizes the importance for SAIs to communicate, and thereby promote awareness by the citizens and the media about SAIs' findings and recommendations.

As representatives of citizens as service users and consumers, Civil Society Organizations (CSOs) can build citizen literacy on public accountability. CSOs have the networks and expertise to detect potential cases of corruption and to report these to SAIs. CSOs, together with legislatures and parliaments, can monitor and build pressure on the executive to implement audit recommendations.

To take advantage of CSO's networks and expertise, SAIs should create communication channels with CSOs. CSOs can then use these channels to give SAIs information that can help in planning an audit. SAIs should also provide CSOs

with access to audit reports to create pressure for executives to implement audit recommendations. To facilitate the creation of a cadre of activist citizens, SAIs should develop accessible and understandable reports that are freely available and widely distributed to the public in a timely manner.

Modalities to engage citizen participation in public audits: Examples of best practices

- a) **Social audits and public hearing forums** – This model is used in India by the Mazdoor Kisan Shakti Sangathan (MKSS), an organization for peasants and workers. MKSS carries out social audit and organizes public hearings of local government expenditures in village communities. Civil groups have rolled out this model throughout India. Under this method, local communities check accounting records and other records on public works programs executed in their areas and identify instances of fraudulent documentation, including accounts purporting to record the construction of works that have not been created (“ghost works”), fraudulent billing for project activities, and falsified labor rolls.
- b) **Working closely with the legislature** – In South Africa this model is used by the Public Service Accountability Monitor (PSAM), a research and advocacy organization, to track government agency responses to instances of financial misconduct and corruption identified in the Auditor General’s reports.
- c) **Conducting participatory audits as a joint undertaking** – In the Philippines, the government’s SAI, the National Commission on Audit (COA), cooperates with a non-governmental organization called the Concerned Citizens of Abra for Good Government (CCAGG) to conduct participatory audits as a joint undertaking. CCAGG monitors infrastructure projects within its province and uses the assistance of local monitors and volunteers drawn from the area to verify whether government projects are executed as per contract norms. This exercise is focused on performance audits, which assess the impact of the audited government program or project to determine whether it has achieved its anticipated results. Audit teams include members from COA and non-governmental organizations. The teams receive joint training on conducting participatory audits before conducting audits.
- d) **Providing CSOs access to agency documents and seeking their assistance** – Officials of COA, SAI Philippines, are cooperating with a CSO called Procurement Watch Inc. In order to test a tool that measures corruption and inefficiency in public procurement, the COA is providing the CSO access to procurement documents of agencies that it is auditing. Procurement Watch Inc. specializes in building systems of transparency and accountability into government contracting and procurement practices. This tool seeks to determine the real (fair-market) cost of a publicly procured good or service, and then compares that to the cost that was paid for the good or service; when actual payments are higher than the items’ fair-market value, the difference can be attributed to corruption or inefficiency.

- e) **Making use of COS's work in independent examinations** – In Mexico, the Ministry of Public Administration has developed a tool, SEPAT: this Spanish acronym translates to “Transparency and Citizen Participation Evaluation System.” SEPAT monitors whether municipal agencies in the country adopt good disclosure policies, provide citizens with access to information, and facilitate social audits. Through this process program beneficiaries evaluate the performance of the agency and conduct oversight of agency expenditures. Social audits of development programs are mandated in the 2004 General Law of Social Development.

Similarly, Fudar, a research and advocacy organization, is a CSO that obtained hundreds of pages of accounting records from the Ministry of Health using the national freedom of information law. Fudar subsequently identified large-scale corruption in a contract awarded to a private agency under an HIV/AIDS prevention program in Mexico. The CSO's findings were later corroborated by an official investigation conducted by the national supreme audit institution.

- f) **System of citizen audit requests and complaints** – In the Republic of Korea, a system of Citizens' Audit Request was introduced under the Anti-Corruption Act of 2001. This system allows citizens to request special audits from the Board of Audit and Inspection (BAI), the SAI of the Republic of Korea, on public agencies suspected of corruption or legal transgressions. Applications are made to a Citizens' Audit Request Screening Committee comprised of citizens and audit officials. The committee is designed to screen requests in order to identify frivolous complaints and to decide which requests merit a full audit.

Efforts to include citizens in audits in the Republic of Korea are not limited to the national level. Some local governments have decided to address complaints and grievances filed by citizens by appointing Citizen Auditors. These auditors, who are not public officials, are appointed to review petitions for a certain time period. If necessary, the Citizen Auditors conduct audits and notify the petitioners of the results. Under a Civil Petitions Reception System, citizens are also encouraged to file petitions with the BAI against public agencies using a variety of media including the Internet and a 24-hour toll-free hotline. About 8,000 reports are filed each year. Under the Advance Notice Audit System, the BAI notifies citizens in advance of planned audits and requests them to provide feedback to help with audits.

- g) **Use of an advisory committee or board comprising a wide range of dignitaries from different sectors of society** – The BAI in the Republic of Korea draws upon the services of non-governmental experts, particularly university professors and researchers, in its Policy Advisory Committee, which provide advice on matters concerning the BAI's audit direction and audit-related policies.

- h) **CSO use of civil rights** – In Argentina, La Asociación Civil por la Igualdad y la Justicia (ACIJ)—a human rights-focused organization— filed a lawsuit against the country's congressional commission, which is responsible for reviewing reports filed by the SAI and initiating action based on audit recommendations, to obtain the minutes of meetings of congressional hearings. ACIJ subsequently used these records to highlight the lack of action taken by the commission to require corrective action in response to audit recommendations.

Collaboration between SAIs and CSOs: How?

The different degrees of collaboration between SAIs and CSOs can be made to engage CSOs in public auditing processes. Based on the modalities previously discussed, modalities to collaboration can be placed into three categories:

- **CSOs can conduct independent audits**

CSOs have developed innovative social auditing processes, such as those practiced by MKSS in India and Fundar in Mexico, that are independent of formal government audit processes.

- **CSOs can use audit findings produced by government auditors to hold government agencies accountable**

For example, as a strategy to publically demand action from agencies, South Africa's PSAM publicizes findings from government audit reports in press releases and radio talk shows. PSAM also publishes a scorecard measuring the comparative compliance of various provincial agencies with public finance laws—these scorecards draw in part on the findings of official audit reports. Another example of this method is ACIJ in Argentina, which investigates the actions taken by the legislative committee responsible for oversight of the government audit recommendations presented to it.

- **CSOs can work closely with SAI auditors:** CCAGG participated as a member of a government audit team undertaking performance audits of the public highways agency, for example. During formal government audits of public agencies, Procurement Watch Inc. accesses public agency documents, which are in the possession of government auditors, to measure procurement irregularities. CCEJ in the Republic of Korea actively uses the citizen audit request system to direct special audits on government projects identified by the organization as suffering from financial irregularities.

Issues and concerns about collaboration between SAIs and CSOs

SAIs should be aware that developing effective collaboration practices between SAIs and citizens does not jeopardize their traditional roles or compromise institutional independence. Listed below are issues regarding effective collaboration between SAIs and CSOs; SAIs collaborating with CSOs should develop mitigating measures for these concerns:

- SAIs, in general, have a mandate to report to legislators but not to the public. Regardless of the SAI's model, SAIs are generally mandated to report to the legislature. It is the responsibility of the legislature (and usually of its designated legislative committee) to examine the findings in audit reports and enforce action against the executive agencies.
- Due to mandate and other professional responsibilities such as confidentiality, audit reports are not always released in a timely manner to the public.
- Audit reports are often written using technical jargon resulting in misunderstandings by citizens. Clarification can require tools such as the Simple Measure of Gobbledygook (SMOG) testing as practiced by the National Audit Office in the United Kingdom.

- The public are not given an opportunity to offer input on the findings in legislative hearings.
- There are numerous CSOs in every country, leading to an issue of who to include in the audit process.
- A close political attachment of CSOs may result in a biased opinion. In some cases this may affect the neutrality and objectivity of the SAI.
- The lack of a developed process for selecting partners from among civil society organizations can create confusion.
- CSOs may lack the resources to participate in audits without financial remuneration.
- Determinations must be made as to what is the professional responsibility of auditors, and what is the responsibility of engaged CSOs.

Nepal's endeavors towards engaging citizens in the audit process

Since its establishment in 1959, the Office of the Auditor General of Nepal (OAGN), Nepal's SAI, has been working for enhanced public accountability and transparency. Nepal has always put citizens, and the general society, in focus in discharging its constitutional mandate. However, the agenda of engaging citizens and CSOs into the audit process has recently come into the picture in more apparent and straightforward ways. The following developments have taken place to enable greater engagement by citizens in public audits conducted by the OAGN:

- **Formation of an Advisory Committee** – At the Auditor General's chair, an Advisory Committee of 15 members has recently been formed. The Committee comprises wider ranges of CSOs' representatives, including retired top-class bureaucrats, the ex-vice chair of the National Planning Commission, a veteran journalist, an economist, management experts, and a legal expert. It is hoped that the committee will provide new insights for the development of public sector auditing in Nepal.
- **Workshop held to identify possible opportunities for participatory audits** – In October 2013, a one-and-a-half-day workshop on exploring challenges and opportunities for implementing various participatory audit mechanisms in Nepal took place, with support by the World Bank, at the OAGN in Kathmandu in October. The workshop discussed the various modalities of collaboration, and their possible inherent risks, for participatory audits.
- **Formation of Working Group** – As a result of workshop held to identify possible opportunities for participatory audits, a six-member Working Group led by the Assistant Auditor General has been formed. This group is designed to take the deliberations of the workshop forward and prepare an approach paper on engaging CSOs in the audit process in two areas: dissemination of audit recommendations, and partnering with OAGN in carrying out performance audits. The Working Group consists of the chair from OAGN and representatives of CSOs.

- **Issuance of public requests** – Public request notices occasionally published in national newspapers request the public to provide information to the field audit teams or to the OAGN through posts, fax, telephone, email, and complaint box on any information they have on the misuse or misappropriation of any public property, or any irregularity in spending public money.
- **Notice board services** – In 2012 OAGN started a notice board service to make its activities and information transparent to its stakeholders. Such information can be obtained by dialing a toll free telephone number.
- **Provision of public hearings, public audits, and social audits in local government bodies** – There is a mandatory provision of public hearings, public audits, and social audits as per local self-governance law. This provision requires all local government bodies to conduct public hearings, public audits, and social audits at specified times.

Conclusion

Acting in the public interest places a great responsibility on SAIs to demonstrate their ongoing relevance to citizens. Unless SAIs add value and provide benefits to citizens, their ongoing relevance cannot be demonstrated. Therefore, public sector auditing championed by SAIs should always, in conducting audits, keep citizens in focus. CSOs, as representatives of society, may play vital roles in promoting accountability and transparency—government activities are aimed at them, and they have firsthand information about the effects of government activities. CSOs are the natural partner of the SAIs, as they can play a critical role in building pressure on the system to improve overall public financial management based on the audit recommendations. In this way, CSOs help promote accountability and transparency. Further, based on the degree of collaboration, CSOs can provide input during the planning, execution and reporting phase of the audit process.

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INTOSAI- *Donor Cooperation* *Update*

SAI PMF Pilot Assessment of the Brazilian Court of Accounts

by the Brazilian Court of Accounts (*Tribunal de Contas da União – TCU*) and the INTOSAI-Donor Secretariat

The Brazilian Court of Accounts (*Tribunal de Contas da União – TCU*) is currently carrying out a pilot assessment using the Supreme Audit Institutions Performance Measurement Framework (SAI PMF). The SAI PMF is a Performance Measurement Framework tailored to SAIs to give a high-level overview of SAI performance against ISSAIs and other established INTOSAI good practices. To do this, SAI PMF combines objective measurements and qualitative assessment.

SAI PMF is being developed under the auspices of the INTOSAI Working Group on Value and Benefits of SAIs (WGVBS). The Working Group has established a task team that consists of several volunteers from INTOSAI bodies, SAIs and donors, and which is coordinated by the INTOSAI-Donor Secretariat within the IDI.

The framework is now in a second piloting phase, allowing for further testing and improvement of the framework itself, and several SAIs are currently undertaking pilot assessments. The SAI PMF will be piloted one more year, before lessons learned from the pilots will be used for further improvements of the SAI PMF, and it will be presented at XXI INCOSAI in 2016 for approval.

TCU is one of the SAIs that are currently undertaking a SAI PMF assessment and has chosen to do a self-assessment. The assessment and quality assurance is being done by internal specialists.

TCU's objectives to undertake a SAI PMF pilot assessment

The first objective for TCU is to use SAI PMF to gather high-quality, evidence based information to feed its strategic planning process.

The SAI PMF is composed of 24 indicators split in seven domains that cover all key parts of the SAI, such as its audit results, organizational development, core business, independence and support structures among others. Each indicator is divided in dimensions (from 2 to 4), which are broken down in a number of criteria.

Each criterion is assessed against objective evidence. Based on the number of criteria positively evaluated, the dimension is given a score, from 0 to 4. By using a conversion table, the scores of the dimensions are converted into a single score for the indicator following a scale.

Wherever possible, the criteria are based upon INTOSAI's standards and guidance documents. All indicators' scores of SAI PMF are evidence-based, measured against international standards and best practices. This composes a trustworthy basis for building a diagnosis of what needs to be improved in order to enhance the SAI's performance and promote its value to the public.

The final score of the indicators were found consistent with TCU's current situation. Areas that have been seen as well-established reached scores of 3 or 4, and areas or processes that scored below 3 were recognized by the team and by the other staff involved in the assessment as areas where further improvement is needed. The examination of the underpinning evidence has proved to be sufficient to support the final score of all indicators.

Following the SAI PMF methodology, more than 480 criteria have been assessed, thus making TCU's pilot well founded upon objective evidence. Even though in its current form SAI PMF is a rather time consuming tool to use, the results are worthy of the effort spent.

More than 20 different units and sectors were involved in the pilot assessment. As a consequence, most, if not all, key internal stakeholders became aware of the assessment, and are eager to use the results. It should also be highlighted that a presentation of the assessment was made during TCU's annual gathering of senior managers, arousing significant interest in the pilot.

A second objective for the TCU to undertake a SAI PMF Pilot Assessment was to test the SAI PMF Pilot Version in a complex real case situation, to check its workability and calibration.

From TCU's experience, it is clear that a multi-disciplinary team is needed to successfully carry out such an assessment, and previous training in SAI PMF is indispensable. The assessment team was composed of eight auditors, three of them working on a full time basis, with expertise on different management and audit areas. Such diversity of knowledge and skills were needed because SAI PMF is an integral assessment tool, which covers core activities (audits and judicial rulings), strategic planning, and support services.

From TCU's experience the assessment should take about five months and the report will be finalized in early March. (*Editor's note: The report was finalized as scheduled in March 2014.*) This timeframe could be reduced, if all team members were dedicated to the assessment on a full-time basis.

The use of internal staff for the assessment and for the quality assurance function surely proved to be time saving, given that everyone involved were experienced auditors thoroughly acquainted with TCU's organization, role and internal and external environment. If outside experts were to take part of the assessment, it would probably

be more time-consuming as they would need to spend more time becoming familiar with TCU. A few minor changes in SAI PMF in order to reduce the number of criteria could make SAI PMF assessments less time consuming, and potentially encourage more SAIs to use it.

Expected benefits of the SAI PMF Pilot Assessment

The first major benefit of the assessment will be as input to TCU's strategic planning process. SAI PMF provides high-quality assessment of all key areas of TCU, making it easier for senior management to make informed decisions about where to place more resources and which projects should be prioritized to maximize the organization's outputs.

The inclusion of SAI PMF indicators in the set of performance indicators used on a regular basis by TCU in its management process will be considered.

Each area or sector where an opportunity for improvement has been diagnosed will be briefed in detail, empowering them to pursue their own development.

In the future, another SAI PMF assessment can be carried out, to monitor the evolution achieved. Finally, depending upon the decision of the President of TCU, an executive summary of the final report might be released to the public. This could be used by Brazilian citizens and organizations, international stakeholders such as other SAIs, development agencies, and financial institutions.

More information about SAI PMF is available here: <http://www.idi.no/artikkel.aspx?MIId=102&AId=704>

TCUs involvement in the development of SAI PMF and roll-out of SAI PMF

The Brazilian Court of Accounts (Tribunal de Contas da União – TCU) has been actively involved in the development of the SAI PMF methodology as a member of the Task Team.

Six auditors in TCU have been trained as SAI PMF assessors/instructors and 33 auditors have been through an internal training at TCU. One auditor has already been involved as a trainer in SAI PMF training courses in Lima, Miami, and Washington, D.C., and TCU will further contribute with trainers and the training in Fiji in April/May 2014.

IDI and TCU have signed a Memorandum of Understanding regarding in-kind support to the INTOSAI-Donor Secretariat. TCU has agreed to cooperate by making one staff member of the TCU, or more than one if agreed, available to work for the Secretariat. The support entails that the TCU will provide a minimum support of 50 percent of the work time of one staff member from 2013 until the end of 2014 in subjects related to the SAI PMF or in other capacity development projects promoted by the INTOSAI Donor Cooperation.

Global Call for Proposals 2013

The 2013 Global Call for Proposals was launched at the 6th INTOSAI-Donor Steering Committee Meeting, October 18 – 19, in Beijing, China. SAIs in developing countries, INTOSAI Regions and Sub-Regions, and INTOSAI Committees, Subcommittees and Working Groups were invited to submit proposals for capacity development initiatives wholly or predominantly for the benefit of SAIs in developing countries. Unlike the Global Call for Proposals 2011, this Global Call starts with development of project Concept Notes. The Concept Notes will be developed into more comprehensive proposals if there is interest from providers of support.

January 31, 2014, was the deadline for applicants to submit draft Concept Notes for feedback by the INTOSAI-Donor Secretariat. A total of 47 draft Concept Notes were submitted. All applicants have now received feedback on their draft Concept Notes. This feedback can be used by the applicants to further strengthen their draft Concept Notes before final submission of the Concept Notes.

The deadline for submitting final Concept Notes is March 31, 2014.

After the application deadline, the INTOSAI-Donor Secretariat will distribute the final Concept Notes to individual providers of support (SAIs and donors) and to a SAI Capacity Development Fund¹ (SAI CDF, currently under development) for review against allocation criteria and available funds. The INTOSAI-Donor Secretariat will coordinate these two processes, but decisions on the provision of support will be made by individual donors, SAI providers and the SAI CDF board.

The target deadline for providers (SAIs, donors and SAI CDF) to express an initial interest in Concept Notes is June 15, 2014.

INSIDE INTOSAI

OLACEFS holds 23rd General Assembly in Santiago

The Organization of Latin American and Caribbean Supreme Audit Entities (OLACEFS) held its 23rd General Assembly in Santiago, Chile, December 8–11, 2013. Hosted by the Office of the Comptroller General of the Republic of Chile, the assembly drew delegates from Argentina, Bolivia, Brazil, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, México, Nicaragua, Panamá, Paraguay, Perú, Puerto Rico, and Uruguay. Other participants included representatives from INTOSAI Secretariat (Austria), INTOSAI Governing Board Chair (China), INTOSAI Development Initiative (Venezuela), INTOSAI's Capacity Building Committee (South Africa), AFROSAI (Cameroon), the Cayman Islands, Chinese Taipei, European Union, France, Germany, InterAmerican Development Bank, the Organization of Economic Cooperation and Development (OECD), Portugal, Spain, Suriname, and the United Nations Office on Drugs and Crime.



Participants gather at the 23rd OLACEFS Assembly in Chile in December 2013.

Opening Ceremony

The Comptroller General of Chile and OLACEFS Secretary General, Ramiro Mendoza, provided a warm welcome to participants, and emphasized the impact that Supreme Audit Institutions (SAIs) have on society. The president of the Republic of Chile, Sebastián Piñera, participated in the opening ceremony, marking the importance of OLACEFS to its members and to the region. Representing INTOSAI's Governing Board Chair, Mr. Zhou Weipei commented on OLACEFS' significant contributions, in terms of cooperation and knowledge sharing, as well as its interaction with INTOSAI on noteworthy projects and agreements. Mr. Augusto Nardes the President of OLACEFS and President of the Brazilian Federal Court of Accounts (TCU), officially opened the assembly, highlighting the role of SAIs in contributing to good governance.

OLACEFS celebrates its 50th Anniversary

The year 2013 marked the 50th anniversary of OLACEFS, and the 23rd Assembly appropriately recognized this significant milestone with various events such as a commemorative video and the launching of a special commemorative edition of the *OLACEFS Journal*.

Technical theme presentations

The General Assembly was organized around four themes:

- anti-corruption toolkit;
- environmental liabilities as a result of the destruction of biodiversity;
- impact of the SAI Performance Measurement Framework, and the synergy with the Committee on SAI Performance Evaluation and Performance Indicators (CEDEIR) and INTOSAI; and
- citizen engagement: cross-cutting principles of accountability that produce an impact on fiscal control and contribute to general public values.

The assembly began on December 9, which is International Anti-Corruption Day, and one presentation included a panel of experts on the fight against corruption, including: Dimitri Vlassis, Chief, Corruption and Economic Crime Branch, United Nations Office on Drugs and Crime (UNODC); and Paloma Baena, Deputy Head of Division, Public Sector Integrity Division, Public Governance and Territorial Development Directorate, OECD.

This event was followed by a workshop led by Susana Silva, General Coordinator of the Peruvian High Level Anticorruption Commission. Also addressing the assembly on the topic of corruption was Claremont Graduate University Professor Robert Klitgaard. Paloma Baena, joined by Dr. Horacio Pernasetti, President of Technical Commission of Accountability of OLACEFS and Auditor General of the Court of Accounts of the Nation of Argentina, presented a program entitled Experiences on Citizen Engagement.

OLACEFS President Augusto Nardes led a panel discussion on ISSAI Implementation in OLACEFS. Panelists included Juan Javier Pérez Saavedra, Special Financial Compliance Auditor of the Supreme Audit Office of Mexico; Yadira Espinoza of IDI; Luciano Danni, Brazil TCU; and Alistair Swarbrick, Auditor General of the Cayman Islands.

The InterAmerican Development Bank's Debbie Sprietzer, Lead Financial Management Specialist, and Hector Rabade, Financial Management Technical Coordinator, discussed transparency and confidence in public sector by sharing information on the advances of SAIs in Latin American and the Caribbean. Important development initiatives were shared by Augusto Nardes; Pietro Russo, member of the European Court of Accounts; IDI's Yadira Espinoza; Kimi Makwetu, Auditor General of South Africa; Wessel Pretorius, Chief Executive Officer for the AFROSAI-E Secretariat; Carlos Alberto Lourenco Morais Antunes, Vice President of the Court of Accounts of Portugal; and Bertrand Diringer, President of the Regional Court of Accounts of Guadalupe, Guyana and Martinique.

The assembly adopted the Santiago Declaration, on governance, anti-corruption, and public trust. The four main commitments are (1) OLACEFS today— balance and challenges at 50, (2) SAIs' mandate: fight against corruption, partnership with citizens and good governance, (3) improvements to OLACEFS and its members, and (4) support of INTOSAI principles.

During the administrative sessions, the assembly elected the SAI of Paraguay to the OLACEFS governing board, joining Brazil, Chile, Argentina, Honduras, and Peru, the host of the 24th OLACEFS General Assembly.

Other activities

Throughout the conference, the Comptroller General Ramiro Mendoza and his staff treated participants with gracious and generous hospitality. Highlights included a night of culture and celebration for OLACEFS' 50 years at Bali Hai Restaurant in Santiago, with food, wine, music, and dance; and, a closing dinner at the Military Historical Museum with performances by various military bands and ensembles. Following the conference delegates had the opportunity to visit the Santa Rita Winery and the Andean Museum.

Information on the 23rd OLACEFS General Assembly, including presentations and papers, is available at <http://www.olacefs.com>.

OECD launches preliminary report on the office of the Comptroller General of the Republic of Chile

On December 10, 2013, in Santiago, Chile, as part of the XXIII General Assembly of the Latin American and Caribbean Organization of Supreme Audit Institutions (OLACEFS), the Organization for Economic Cooperation and Development (OECD) presented its draft review on the work it carried out on the Office of the Comptroller General of the Republic of Chile (CGR).

The presentation of the study was conducted by Mr. Mario Marcel, Deputy Director of Governance and Territorial Development of OECD, who reviewed the main aspects considered in the study. Mr. Marcel also introduced preliminary recommendations that seek to optimize the products and services delivered by the CGR, and to help consolidate the important role it plays in the country.

In his speech, Mr. Marcel emphasized the role that SAIs have as actors to regain public confidence, a task that necessarily must involve organizations, such as OLACEFS, that bring together Supreme Audit Institutions. "Where there is no trust, policies are not followed," he said, adding that confidence results when organizations are efficient and when proper functioning of the public system is achieved.

Comptroller General of Chile, Mr. Ramiro Mendoza, responded to the issue of which entity controls the Comptroller, saying that the OECD-CGR report is a form of control over the institution and its director. On the statement made by Mr. Marcel, who reported that the CGR has an international reputation and has public trust, the

Comptroller stated that the challenge for SAIs is to define how to transfer the seeds of that reliability to the State.

The President of the Court of Accounts of Brazil and President of OLACEFS, Mr. Augusto Nardes, also participated in this event. He shared his insights on the experience of members of the organization on external evaluation. He stressed the importance of SAIs in implementing good governance, while indicating the importance of working together for regional integration.

With the delivery of the OECD-CGR Preliminary Report, the CGR commences a gradual implementation of the recommendations made to improve its work. The recommendations seek to support the daily work of the Public Administration, allow citizens to become acquainted with the work it is carrying out and thereby facilitate citizen access to public information, and enhance communication and coordination with civil society and the branches of the State, among others.

The ceremony was attended by a broad representation of the CGR stakeholders as well as by representatives of the participating SAIs in the XXIII OLACEFS General Assembly.

The Santiago Declaration: Control, Citizenship and Public Trust

The increasingly widespread perception of a new role for citizens raises the question as to what exists as a background for activism. Many signals indicate that the motivation behind this type of activism is actually a way to reconfigure trust as a cohesive factor within the public sphere, both in institutions and in the people that revolve around it.

Be it on the street, through what is now called judicial activism, or through their increasing presence in debates, people want to be informed about the actions of public agencies and the rationale behind their decision-making—and they demand to affect said decisions. The reliability on institutions of representative democracy and their capacity to shape social evolution on behalf of the people has ceased to exist. Citizens want to know all the facts, and they want to participate in the processes that affect them. Specialized literature and public opinion studies confirm and reinforce this perception.

The Santiago Declaration reflects this transformation. The Supreme Audit Institutions (SAIs) in Latin America and the Caribbean signed the Santiago Declaration on December 9, 2013, as a part of OLACEFS. Certainly, SAIs have internalized these changes from their point of view regarding their exercise of local fiscal control, but they have done so with the widened perspective that is of those who are in a privileged position and are able to scrutinize public institutions from a panoramic, independent, and neutral point of view.

The Santiago Declaration states a fundamental principle: citizens trust SAIs more than central or local government institutions. They therefore expect SAIs to provide elements that are functional within their new demands, especially those regarding the correct and honest use of public resources. There are now expectations about SAI roles that transcend the SAI's mere compliance with their classic control functions, and contribute to the development of good governance.

Based on that cornerstone, the SAIs from Latin America and the Caribbean wrote a roadmap for the Declaration for the coming years: to raise performance standards, and strengthen their mandate and capabilities to live up to the trust of the people in them.

First of all, and along the lines of strengthening the mandate in favor of integrity, transparency, and accountability, the SAIs affirm their commitment to international conventions against corruption, and take on the explicit commitment to implement the measures found in these conventions so as to expand and deepen their effect across the continent.

Next, the SAIs reaffirm their commitment to a set of issues on the civil society agenda, particularly those regarding the development of diverse forms of relations, good practices regarding articulation, and collaborative work alongside citizens. This is to facilitate feedback and, in the spirit of the Open Government Agenda, provide useful, accessible, and open-data based information. The decision to move forward with the inclusion of citizens in the cycle of an SAI audit, from its planning to the tracking of its recommendations, is encouraged.

Furthermore, regarding an aspect that is less known to these institutions, the Santiago Declaration highlights the SAI's collaborative and advisory role. Aside from exercising its control function, this role encourages and enables partnerships with governments to spread probity and accountability culture in all state agencies, including ministries, services, regional governments, and municipalities.

Finally, institutional capacities need to comply with how this new and demanding role will be developed, especially in the areas of human resources, auditing tools, and management modernization. SAIs will then be able to direct their efforts toward results, optimizing processes so that quality products may timely be made available to citizens. Through the Santiago Declaration, Latin American and Caribbean SAIs have progressed from diagnosing the epochal changes we are going through, especially those regarding citizen's roles, to implementing concrete and plausible initiatives to build this new alliance between the public sphere and civil society on a foundation of public trust sustained by integrity, transparency, and accountability.

Read the Santiago Declaration online

The Santiago Declaration (English version)

http://www.olacefs.com/Olacefs/ShowProperty/BEA%20Repository/OlacefsEng/Eventos/2013/Archivos/Santiago_Declaration

Declaración de Santiago (Versión en castellano)

http://www.olacefs.com/Olacefs/ShowProperty/BEA%20Repository/Olacefs/Documentos/2013/DOC_13_084_10122013

Compliance Audit Subcommittee



Members of the Compliance Audit Committee meet in Brazil, September 2013.

The INTOSAI Compliance Audit Subcommittee (CAS) held its 11th annual meeting September 18-19, 2013. The meeting was held in Brasília, Brazil, and was hosted by the Federal Court of Accounts of Brazil (TCU). The meeting was officially opened by Mr. Augusto Ribeiro Nardes, President of the Federal Court of Accounts of Brazil.

The program for the first day of the meeting was focused primarily on discussing the implementation and maintenance of the ISSAI 4000 series. The second day of the meeting contained a discussion of issues related to the Court of Accounts, such as the maintenance strategy.

The INTOSAI development initiative (IDI) 3i Program

IDI presented their 3i Program. The Program has already developed an assessment tool, iCAT, which will make it possible to see the extent of the implementation of ISSAIs on compliance audit by various SAIs around the world (as well as the areas of gaps in implementation). Two of the planned activities in 2014 are an implementation handbook and an e-course on compliance audit.

Implementation activities in the regions

The members of the committee report there is an awareness of the importance and challenges concerning the implementation of the ISSAI standards and guidelines. It is challenging to use proper terminology in their respective languages; using the same definitions will lead to a more efficient impact for the SAI's staff, and distinguish clearly between standards and guidelines. Therefore, the standards should come with appendixes. Regarding work in a regularity audit, the auditor must do both financial and compliance audit. In this respect, it would be natural that the two subcommittees Financial Audit Subcommittee (FAS) and CAS should cooperate.

As to the roll-out of the standards in the audit community, the efforts of IDI are impressive. Regardless, there is always room for improvement both of the overall knowledge of standards and the understanding of the vast area of subject matter that

is required by the subcommittees to deliver the project. In the roll-out exercise, for example, the experts in the various subcommittees can be called upon in the regions.

In connection with the maintenance of the ISSAIs, CAS needs to see where the SAIs do not comply with the ISSAIs. Hence the maintenance review of the standards can make the necessary alterations and modifications to enable their implementation. In this regard, CAS has to work with the facilitators and mentors to be sure that they have the same professional standards.

The harmonization project - its outcomes and significance for the future

The European Court of Auditors, Slovakia, and Norway were appointed to join the harmonization team. The CAS team had its first formal meeting in 2011 in Bratislava. The achievements of the project are the ISSAIs 100, 200, 300, and 400. The ISSAIs were endorsed at INCOSAI in China in October 2013. The new Principles on Public Sector Auditing and the new ISSAI 400 are a common committee achievement.

The new level 3 ISSAIs form the point of departure for the maintenance process of the ISSAI 4000 series to be conducted by CAS in coming years. The Principles on Public Sector Auditing gives the SAIs the option of applying the Compliance Audit Guidelines as authoritative standards, and so they need to clearly express the difference between requirements and guidance. There are drafting style guidelines for the further maintenance of level 4, requiring them to follow the terminology, structure, and contents of level 3.

CAS subgroup on Court of Accounts issues

The ISSAI 4300 has been developed, revised, and refined through several rounds, with participation of the CAS member countries Brazil, ECA, Portugal, Romania, and Tunisia. In January 2013 a meeting was held in Oslo, where it was decided, in light of the decisions of the harmonization project, to redraft the document in the structure of ISSAI 400. This redrafted version is what the group presented before the committee. On the basis of the document, there are two options for compliance audit in the context of Courts: to be integrated into level 4 in a maintenance process as either additional requirements, or as a stand-alone document.

The committee concluded that on the basis of the draft ISSAI 4300, the Court model will be recognized as a part of the standards of INTOSAI through integration into a common Compliance Audit Standard.

CAS maintenance strategy

Based on a previous committee hearing, the main CAS proposal of strategy is to restructure the ISSAI 4000 series into one common authoritative standard for compliance auditing, following the structure of ISSAI 400. The present contents of ISSAI 400 form the basis for requirements, and the present contents of ISSAI 4100/4200 form the basis of guidance for the document.

The discussions in the meeting identified three main areas in need of further development. Prior to the next CAS meeting, a first draft of a document has to be developed in these three areas:

1. The technical group will be developing a structure and determine the requirements that are common for all SAIs. Norway (lead role), India, Portugal, South Africa, and Tunisia will work together in this group.
2. The audit process leading to a compliance audit opinion and how to achieve assurance will be discussed by a group consisting of Romania (lead role), Brazil, China, ECA, and Namibia.
3. Identifying the subject matter, criteria, authorities, and propriety will be the task of a group comprising India (lead role), China, ECA, Hungary, Lithuania, Saudi Arabia, and Slovakia.

In addition the courts of accounts must consider the specific needs of the courts, and on each requirement consider if there is a need for specific issues related to courts.

European Organization of Supreme Audit Institutions

The importance of SAI independence in EUROSAI's strategic plan

The independence of Supreme Audit Institutions (SAIs) is an essential principle for INTOSAI, as stated in Level 1 ISSAI. SAIs can accomplish their tasks objectively and effectively only if they are independent of the audited entity and are protected against outside influence. The independence of SAIs must be laid down in the constitution or highest legislation.

This independence is of primary importance to guarantee the transparency and integrity of public administration, thereby strengthening trust in public institutions and “making a difference in the lives of citizens,” which is, according to ISSAI 12, public auditing’s prime objective. Auditors must carry out the audits impartially and must perform their tasks in full compliance with relevant professional and ethical rules, and their activities must not be influenced by the auditees. SAIs must be provided with the financial means to enable them to accomplish their tasks.

Due to all of these factors, SAI independence is one of the core values of EUROSAI Strategic Plan 2011-2017. Promoting and organizing activities to raise awareness of the importance of SAI independence is a key goal of the EUROSAI Goal Team 1 on “Building Capacity,” chaired by the French SAI. With reference to one of its tasks in the draft Operational Plan of EUROSAI Goal Team 1, the State Audit Office of Hungary compiled a booklet summarizing the findings of a survey on independence of SAIs entitled, “Take Active Steps to Strengthen and Support SAI Independence,” and planned to host a EUROSAI workshop on independence in Budapest, March 28, 2014.

Proceedings of the workshop will shortly be available on demand; for more information, contact abaldacchino@ccomptes.fr or international@asz.hu

To learn more about EUROSAI visit <http://www.eurosai.org>

The first Young EUROSAI Congress



YOUNG EUROSAI ■ ROTTERDAM ■ 2013

The ninth EUROSAI Congress will be held in June 2014 in The Netherlands. It will welcome all Heads of the European Supreme Audit Institutions (SAIs). Its theme will be innovation: the Netherlands Court of Audit wants the critical and innovative voices of the young generation to be heard at the EUROSAI Congress. This is why EUROSAI organized the first Young EUROSAI Congress, also on innovation, in Rotterdam in November 2013. At that event, more than a hundred young auditors had an opportunity to build an international network, share ideas, and participate in workshops to discuss with their counterparts innovative best practices.

Challenges and potential solutions

The YES Congress first identified strategic and operational challenges facing SAIs. The participants then had to think up solutions to the question, “What are the main challenges and opportunities?”



Young auditors identify challenges and opportunities for European Supreme Audit Institutions.

- **More with less:** Many audit institutions recognize the need to do more with ever fewer resources. Citizens are becoming more critical and are demanding more from their governments. As one keynote speaker put it during the congress: "Your organization has to have a clear mission. In a changing environment you need to be really loyal to your mission and not to the things you have always done in a way you have always done. You need to have a clear answer to the question, 'we are in the business of...'. Do we have a clear answer to this question? And does it mean we have to do new things? Should we audit the same issues but in a different way? And what activities can we stop doing?"
- **Globalizing society needs cooperation:** Globalization is making society undeniably more complex. Societal problems such as crime and waste disposal are increasingly international problems. SAIs should work together and learn the lessons that their counterparts have learned in a given policy field.
- **Dealing with big data:** It is estimated that 44 times more data will be produced in 2020 than in 2009¹. Governments can put the data they collect to good use—they can analyze the information to formulate policy that better meets society's needs and expectations. But it is uncertain whether SAIs will be able to audit the data effectively. Big data is not yet really on the agenda at SAIs, but it is high time it was.
- **Tell the message better:** To be effective, the message has to reach the target group. SAIs have traditionally submitted detailed reports to parliament. In an age when more and more communication is in the form of one-liners—or, as in the case of tweets, no more than 140 characters—SAIs must come up with a fitting response. For example, reports could contain more images, and findings could be summarized in a video or an interactive infographic. SAIs could also present their message earlier in the decision-making process, i.e., not *after* the harm has been done but *before* the decision is taken. More importantly, won't an SAI be far more effective if it demonstrably generates more added value from less taxpayer money?
- **Remain independent:** SAIs must be independent and objective if they are to be effective. The young auditors, however, thought SAIs are operating in an increasingly political environment. Some SAIs themselves thought undue pressure was being exerted on them to conceal or highlight certain findings and conclusions. SAIs must constantly seek a balance between retaining their independence—and therefore their authority—on the one hand, and generating social and political added value through innovation on the other.

The way forward

The young generation at the YES Congress identified several important developments and opportunities. But we still have no ready-to-use solutions. Young EUROSAI has a strong message for the heads of European SAIs: the world is changing and it is affecting our work. We have to respond to social change. We have to innovate, to do new things and do the old things differently. And change is only just beginning for the young generation of auditors. Change in bureaucratic institutions such as SAIs is not a simple matter, because innovation is like rowing against the tide: it redefines

¹ http://www.csc.com/insights/fixwdl/78931-big_data_universe_beginning_to_explode

familiar concepts and tears down established frameworks. SAIs work with a zero-error culture, but they will have to take risks and accept that an innovative idea can have unanticipated results. Both the process and the outcome are unknown. This is uncharted territory for organizations that are constantly seeking assurances and safeguards. Innovation needs guts, from both young auditors and their seniors. A young generation of auditors showed guts at the YES Congress and is working out the ideas at their own institutions. EUROSAI hopes the senior managers follow in their footsteps in June 2014.

More information on Young EUROSAI, including video reports as well as the full report (in an innovative Mindmap) of the first Young EUROSAI Congress, can be found at <http://www.eurosai2014.nl/YES-2013>

ISSAI 30 Review Project

At its meeting in June 2013 in Stockholm, the Steering Committee of the Professional Standards Committee decided that a review of ISSAI 30 – Code of Ethics should be commenced, in accordance with the maintenance principles.

A team has been established to carry out the ISSAI 30 review project. This team is composed of the Supreme Audit Institutions (SAIs) of the following countries that volunteered to participate in the project: Indonesia, Poland (project leader), Portugal, the United Kingdom, and the United States.

The first stage of the project is an initial assessment, i.e., a judgement on whether ISSAI 30 is suitable in the modern public sector auditing world or whether it needs an update, and—if so—how extensive such an update should be. This stage should result in a report to the PSC Steering Committee in May 2014, recommending whether a revision of ISSAI 30 should or should not be carried out.

In order to determine whether the INTOSAI Code of Ethics needs a revision, the Project Group developed an online survey aimed at gathering the opinions of the INTOSAI community on the code. The survey was distributed among INTOSAI members, and replies from individual SAIs will be analyzed and incorporated into an overall opinion of the INTOSAI community. On the basis of this opinion a recommendation will be made to the PSC Steering Committee as to the need for an ISSAI 30 revision.

If the initial assessment results in a conclusion that an update of ISSAI 30 is necessary to meet the needs of INTOSAI SAIs, a plan for the review will be presented in accordance with the requirements of the *Due Process for INTOSAI Professional Standards*.

If the initial assessment shows that a review of ISSAI 30 is not needed, a recommendation will be made to the PSC Steering Committee to close the project.

Any questions regarding the project can be addressed to ISSAI30.Review@nik.gov.pl.

Professional Standards Committee

Voluntary financial contribution to INTOSAI's standard-setting

The Supreme Audit Institution of Norway has, through its Office of the Auditor General, provided INTOSAI with a voluntary financial contribution of 10,000 € earmarked for the development and maintenance of INTOSAI's auditing standards on financial, compliance, and performance audit on level 4 of the ISSAI framework.

Chair of the Professional Standards Committee, Bettina Jakobsen, welcomed this evidence of support to the efforts made by INTOSAI within professional standard setting. She assured Auditor General, Per-Kristian Foss, that the money will be put to good use.

Progress of the evaluation of INTOSAI's standard-setting activities

In early February, some 300 members of SAIs around the world were invited to participate in an electronic survey launched by the chair of the Professional Standards Committee. The purpose of the survey was to collect experiences and viewpoints on INTOSAI's standard-setting activities among people who had been actively involved in either developing or approving ISSAIs or INTOSAI GOVs.

According to its mandate for 2014–2016, the Professional Standards Committee should evaluate and improve the standard-setting processes of INTOSAI in close cooperation with the INTOSAI Task Force on Strategic Planning. This will ensure and develop INTOSAI's standards for public-sector auditing.

The survey represents just one of the components in this evaluation, which will also include, for instance, benchmarking with other standard setters.

The INTOSAI Working Group on Fighting against Corruption and Money Laundering (WGFACML)

Fifteen member SAIs attended the seventh WFGACML meeting, as did representatives from the Namibian anti-corruption commission and the Bank of Namibia. During the meeting, the following actions took place:

1. Approval of the working group's progress report
2. Discussion of the First and Second guidelines (INTOSAI GOV 9160 and INTOSAI ISSAI 5700) to be approved in the next INCOSAI, after inclusion of the new comments.
3. Approval of the final draft of the third guideline *Challenges that Face SAIs on Fighting Corruption and Money Laundering*
4. Approval of the formal request of the SAI of Oman to the WG membership
5. Preview of the WG new working plan 2014-2016

6. Preview of A *UN-INTOSAI Joint Project: Collection of Important Literature on Strengthening Capacities of Supreme Audit Institutions on the Fight against Corruption*, which includes four sections :
- Concept of corruption and best practice guides for dealing with corruption
 - Forensic auditing to deal with fraud and other corrupt acts
 - Advisory audits and the provision of management advice to prevent corruption
 - Citizen engagement in auditing for detecting and deterring corruption



Members gather for the seventh meeting of the WGFACML, held June 17-19, 2013, in Windhoek, Namibia.

INTOSAI Working Group on IT Audit

Kuwait hosts the 23rd Meeting of the WGITA

On February 10, 2014, the President of the State Audit Bureau of Kuwait welcomed 63 delegates from the SAIs of Australia, Bangladesh, Bhutan, Brazil, Cambodia, China, Colombia, Ecuador, India, Indonesia, Iran, Iraq, Japan, Kiribati, South Korea, Lithuania, Malaysia, Norway, Oman, Pakistan, Poland, Qatar, Russian Federation, Slovakia, South Africa, United States of America, Zambia, and Zimbabwe, as well as from the IDI, for the 23rd meeting of the INTOSAI Working Group on IT Audit (WGITA).

The Comptroller and Auditor General of India and Chairman of the INTOSAI Working Group on IT Audit, Mr. Shashi Kant Sharma, chaired the working sessions, during which updates on initiatives from previous meetings were discussed.

These included the *intoIT Journal*, the Working Group's website, country paper presentations, and the release of the *WGITA-IDI IT Handbook on IT Audit for Supreme Audit Institutions*. The Working Group also discussed and reviewed the progress of the five ongoing WGITA projects included in the WGITA Work Plan 2014–2016.

It was decided that the 24th INTOSAI Working Group on IT Audit meeting will be held in Poland in 2015 and the 25th meeting will be held in Brazil in 2016.

More information about the work of the INTOSAI Working Group on IT Audit can be obtained at <http://www.intosaiitaudit.org>.



As the host of
INCOSAI 2016
we are excited to receive any interesting
theme suggestions
you may have.

Send it to:

incosai2016@saiuae.gov.ae

IDI UPDATE



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

Changes in the IDI Board and Management

Mr. Per-Kristian Foss has taken over as the Auditor General of Norway and the Chairman of the IDI Board, effective January 1, 2014. He succeeds Mr. Jørgen Kosmo. Mr. Foss brings with him vast professional experience in the field, having previously served, among other positions, as a Member of the Standing Committee on Finance and Economic Affairs and as the Minister of Finance, Norway.

Mr. Einar Gørrissen has succeeded Mr. Magnus Borge as the Director General of the IDI as of December 9, 2013. His appointment came pursuant to a competitive international recruitment process. As an interim arrangement, the IDI management group includes Ms. Archana P. Shirsat, Mr. Martin Aldcroft, and Ms. Tonje Fremstad Waldron heading, respectively, the Programmes, INTOSAI-Donor Secretariat, and Administration groups. Competitive recruitments for these positions will be carried out in the first half of 2014.

ISSAI Implementation Initiative (3i) Program Phase I

3i Program in ARABOSAI

On September 27, 2013, the U.S. Agency for International Development (USAID) entered into an agreement with the IDI to finance a substantial part of the ISSAI Implementation Initiative in the Arabic language for the SAIs belonging to the Middle East and North Africa (MENA) region countries. Of the 19 participating SAIs, including six SAIs of the Gulf region, USAID will support the participation of Algeria, Egypt, Iraq, Jordan, Libya, Morocco, Tunisia, and Yemen. The activities under this program will span from June 2014 to 2016.

Workshops on Facilitating ISSAI Implementation

Two workshops were held in Bangkok, Thailand, September 30 - October 5, 2013, and October 7 - 12, 2013, for, respectively, performance audit and financial audit streams. Participants from the ISSAI Certification Program for ASOSAI and PASAI were trained in playing the roles of ISSAI advocate, ISSAI project managers, and ISSAI learning facilitators.

Two workshops for EUROSAI and AFROSAI-E members on Facilitating ISSAI Implementation were held in Arusha, Tanzania, November 4 - 9 and November 11-16, 2013. These workshops were the third and final stage of the ISSAI Certification Program.

Currently, 117 participants of the ISSAI Certification Program for Financial and Performance Audit have successfully completed the workshops and are now certified as PSC- IDI ISSAI Facilitators. An ISSAI Certification Program for on Compliance Audit, for SAIs in CAROSAI, will be completed in 2014.

WGITA-IDI Capacity Development Program on IT Audit

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

Workshop on facilitation skills for IT Audit Champions

This workshop, held in Kenya August 26 – September 6, 2013, was designed to create a pool of IT champions for facilitating IT audit training programs and for managing IT audit projects in their respective SAIs and in the region. Eighteen participants from 12 SAIs in the region were certified as IT Audit champions.

IDI Trans Regional Program on Strengthening Public Oversight and Audit of Sovereign Lending and Borrowing Frameworks

The IDI has launched a trans-regional capacity development program on public debt audit with emphasis on strengthening public sector oversight and audit of sovereign lending and borrowing frameworks. The program targets 20-25 SAIs from the INTOSAI English and Spanish regions, representing both the lending and borrowing countries.

A grant agreement between the Norwegian Ministry of Foreign Affairs and the INTOSAI Development Initiative (IDI) on support to the Transregional Program on Strengthening Public Oversight and Audit of Sovereign Lending and Borrowing Frameworks was signed on October 16, 2013.

Design Meeting for developing an E-course on the key aspects of Sovereign Lending and Borrowing

This meeting was held October 7-25, 2013, in Washington D.C. Eleven participants included regional resource persons from OLACEFS and ASOSAI, and public debt consultants. The E-course is expected to go online in May-June 2014.

IDI-AFROSAI-E Capacity Development Program on audit of Externally Aided Projects in Agricultural/Food Security sectors

In a series of developing new partnerships, the IDI has signed an agreement with The International Fund for Agricultural Development (IFAD) to launch a capacity development program on the theme of auditing Externally Aided Projects in Agricultural/Food Security sectors.

The objective of the program will be to enhance SAI capacity to provide greater public accountability on public expenditures, by performing financial and performance audits of externally aided projects in agriculture and food security.

Ten SAIs in AFROSAI-E region are expected to participate in a cooperative audit of external aid for development projects in agriculture and food sectors. The program will be launched in May 2014.



Resource Persons for the IDI-ARABOSAI Certification Program for Training Specialists

ARABOSAI Train the Trainer Design Meeting

Existing courseware for this certification program was revised to include e-learning components. The design meeting was held in Tunisia from September 23 to October 11, 2013. Five training specialists from Kuwait, Iraq, Lebanon, Morocco, and Sudan participated in the meeting.

IDI-CBC Support Program

The DFID funded program on Support to the INTOSAI Capacity Building Committee was launched in 2012. The program is in cooperation with the INTOSAI Capacity Building Committee (CBC). The program aims to disseminate CBC Guidance in INTOSAI regions, and facilitate better representation from developing countries at the meetings of the INTOSAI CBC Steering Committee and sub-committees.

IDI- CREFIAF Workshop on Human Resource Management

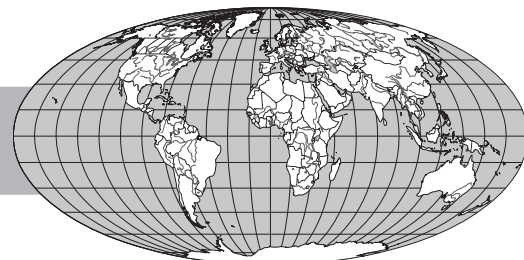
A workshop on Human Resources Management was held as part of the IDI-CBC support program in Morocco December 10-17, 2013. The workshop is based on CBC guidance on Human Resource Management. Four facilitators from Cameroon, Madagascar, and Senegal were trained. Twenty-eight participants from 14 SAIs participated in conducting needs assessments for human resources management in their respective SAIs and developing a HR strategy.

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 2014 Events



<p>April</p> <p>7–9 7th Meeting of Performance Audit Subcommittee, Amsterdam, Netherlands</p>	<p>May</p> <p>6–7 Meeting of INTOSAI Working Group on Financial Modernization and Regulatory Reform, Washington, D.C., United States of America</p> <p>19–22 11th PSC Steering Committee Meeting, Bahrain</p> <p>21–23 Global Audit Leadership Forum, Mexico City, Mexico</p> <p>27–28 Meeting of the Subcommittee on Internal Control Standards, Vilnius, Lithuania</p>	<p>June</p> <p>15–19 XLI EUROSAI Governing Board Meeting, IX EUROSAI Congress, XLII EUROSAI Governing Board Meeting, The Hague, Netherlands</p>
<p>July</p>	<p>August</p> <p>19–22 17th PASAI Congress, Apia, Samoa</p>	<p>September</p> <p>8–10 Meeting of the Capacity Building Committee, Lima, Peru</p> <p>16–17 7th Meeting of the Steering Committee INTOSAI-Donor Cooperation, Paris, France</p> <p>18 11th Finance and Administration Committee Meeting, Paris, France</p> <p>23–24 47th ASOSAI Governing Board Meeting, Moscow, Russian Federation</p> <p>25–27 II ASOSAI-EUROSAI Conference, Moscow, Russian Federation</p>
<p>October</p> <p>15-17 Working Group on Public Debt, Seoul, Republic of Korea</p>	<p>November</p> <p>5–7 66th INTOSAI Governing Board Meeting, Vienna, Austria</p> <p>17–18 Compliance Audit Subcommittee, Oslo, Norway</p> <p>24–28 XXIV General Assembly of OLACEFS, Cusco, Peru</p>	<p>December</p>

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

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