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**Strengthening Public Sector
Accountability through
Integrated & Cross-cutting
Audits**



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The Asian Journal of Government Audit is a popular resource for the SAI community for promotion of sound and effective audit systems. This bi-annual Journal has been in circulation since 1983 and has provided a forum to ASOSAI members for discussion and dissemination of good practices. The Journal accepts articles, special reports, news items and other materials from member SAIs of ASOSAI.

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Fax No.:91-11-23236818

Emails: ir@cag.gov.in,

asosai.journal@cag.gov.in

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From the desk of ASOSAI Chair



Mr. K. Sanjay Murthy

Chairman of ASOSAI & Comptroller and Auditor General of India

Dear Members of the INTOSAI and ASOSAI Community,

It is my privilege to address you through the April 2026 edition of the ASOSAI Journal. The theme chosen for this issue, 'Strengthening Public Sector Accountability through Integrated and Cross-cutting Audits,' is topical and relevant as Governments are increasingly embracing whole of government approach to deliver services to beneficiaries with greater efficiency and effectiveness.

Public sector accountability is the cornerstone of democratic governance. As Supreme Audit Institutions (SAIs), our constitutional and statutory mandates empower us to ensure that public resources are managed with integrity and aligned with legislative intent. However, the conventional audit of individual departments in isolation is no longer adequate to capture the complexity and interdependence of modern governmental programmes. Today's development initiatives are inherently multi-dimensional, operating across vertical hierarchies—from national to local levels—and horizontal networks spanning multiple ministries and sectors.

To remain relevant and effective, SAIs must transcend the limitations of a siloed approach and embrace an integrated, cross-cutting audit framework. By placing the program or policy outcome at the center of our analysis, we can identify coordination gaps, systemic inefficiencies, and duplication of efforts that traditional oversight might overlook. This holistic approach allows us to evaluate the tangible impact of public service delivery on the well-being of citizens, ultimately answering the fundamental question of whether government policies are achieving the outcomes they were designed to deliver.

SAI India has recently embraced this evolution through thematic audits relating to Micro, Small and Medium Enterprises (MSME) development, multi-modal logistics and simultaneous audit of social-sector schemes, where the seamless coordination of utilities, regulatory bodies, and multiple ministries is not merely desirable but essential for programme success. Such audits leverage advanced data analytics and interdisciplinary collaboration to provide a strategic perspective on governance that goes beyond mere transaction-testing, enabling SAIs to serve as genuine partners in evidence-based governance reform.

I am confident that the insights shared in this issue will serve as a valuable reference and a source of inspiration for member SAIs as we strive to institutionalize these integrated practices. By strengthening inter-departmental accountability and fostering a results-oriented audit culture, we can deepen public trust, strengthen legislative oversight, and meaningfully contribute to evidence-based decision-making across the ASOSAI region and beyond.

I extend my sincere appreciation to all the contributors for their thought-provoking articles and to the member SAIs for their steadfast commitment to our shared mission of promoting accountability, transparency, and good governance in the public interest.

With best wishes,

Mr. K. Sanjay Murthy

Comptroller & Auditor General of India and Chairman, ASOSAI

From the desk of ASOSAI Secretary General



Mr. HOU Kai

Secretary General Of ASOSAI And Auditor General Of The National Audit Office Of the People's Republic Of China

The world today is undergoing accelerated transformation unseen in a century. With the advancing of a new wave of scientific and technological revolution and industrial transformation, nations worldwide are facing fresh strategic opportunities for development. Concurrently, the international landscape is fraught with changes and turbulence. Conflicts are flaring up in various regions, while development challenges, governance deficiencies and fiscal deficits continue to mount. Humanity faces unprecedented and formidable challenges, which demand greater rationality, more targeted measures and integrated coordination in national governance systems.

Asian countries need to pursue effective governance amid the complex interplay of domestic and international factors, and satisfy diverse demands through development and dialogue. And they need also anticipate and manage risk spillovers from a holistic perspective, so as to prevent “black swan” and “grey rhino” events from triggering large-scale systemic risks. More importantly, they shall meet the public’s demand for transparency and involvement regarding how public power is exercised and how resources are allocated in today’s digital era.

Facing the new landscape of governance, the supreme audit institutions of Asian countries urgently need to carry out comprehensive and cross-cutting audits to break down departmental silos, regional barriers and information cocoons. By focusing on the construction and management of government-invested projects, the allocation and use of public funds and assets, as well as the formulation and implementation of major policies and systems, through cross-cutting and penetrating audits to achieve in-depth oversight over public funds, the exercise of power and policy effectiveness. This will help identify the hidden risks and bottlenecks in the development of the governance system and the enhancement of governance capacity, and effectively boost national governance efficiency.

At present, some SAIs in Asia are also piloting comprehensive and cross-cutting audits that meet their national conditions, in order to enhance their national governance. By reviewing the good practices and cases of member SAIs in this important field, this issue of the ASOSAI Journal seeks to inspire auditors, encourage exchange of perspectives and experience, further promote knowledge sharing and capacity-building, and better leverage the unique role of audit institutions in supporting the modernization of national governance system and governance capacity.

We look forward to working hand in hand with all auditors in Asia. With a more open and inclusive mindset, a pragmatic and innovative approach, a more comprehensive and forward-looking perspective, and interdisciplinary professional expertise, we will continuously enhance the effectiveness of audit-based oversight, serve the well-being of the people, promote regional prosperity and sustainable development, and jointly open a new chapter for cooperation among Asian SAIs.

From the desk of the Editor



Mr. Vimalendra Anand Patwardhan,
Director General (International Relations)
Office of the Comptroller and Auditor General of India

Dear Colleagues & Readers,

It is a pleasure to present the April 2026 issue of the ASOSAI Journal, centred on the theme **“Strengthening Public Sector Accountability through Integrated and Cross-cutting Audits.”**

In an era marked by increasing complexity in governance, rapid technological transformation, and interconnected policy environments, the role of Supreme Audit Institutions (SAIs) has evolved significantly. Traditional audit approaches, while essential, are no longer sufficient to fully capture the dynamics of modern public sector programmes that operate across multiple sectors, institutions, and levels of government. Integrated and cross-cutting audits, therefore, represent a critical advancement, enabling SAIs to assess not only compliance and financial propriety, but also the effectiveness, efficiency, and outcomes of public policies in a holistic manner.

This edition brings together a diverse range of perspectives and experiences from SAIs across the region. By examining programmes such as environmental management, infrastructure development, and ease of doing business through a multi-sectoral lens, SAIs have demonstrated how audit can move beyond isolated assessments to evaluate entire programme ecosystems. These audits, spanning multiple ministries, levels of government, and implementing agencies, provide deeper insights into coordination challenges, policy implementation gaps, and outcome effectiveness, thereby strengthening accountability across the public sector.

We are privileged to feature messages from the Chairman of ASOSAI, SAI India and the Secretary-General of ASOSAI, SAI China, whose perspectives underscore the growing need for comprehensive audit approaches that transcend institutional silos and respond to emerging governance challenges. Their reflections aptly highlight the importance of integrated oversight in addressing systemic risks, enhancing transparency, and strengthening national governance frameworks in an increasingly complex global landscape.

I also wish to thank SAI Japan, ASOSAI’s Capacity Development Administrator, for keeping us updated on the training initiatives and capacity-building efforts being undertaken across the region.

I would like to extend my sincere appreciation to all authors and contributors for their valuable insights, and to the member SAIs for sharing their institutional practices and innovation. Their collective efforts reflect the spirit of collaboration and knowledge-sharing that defines both ASOSAI and the wider INTOSAI community.

I am confident that readers will find this edition informative and relevant to their professional needs. Your feedback and suggestions remain a cornerstone of our efforts to continuously improve the Journal. I also encourage all readers to follow our X handle @AsosaiJournal and visit our website asosaijournal.org to access current and archived editions.

I look forward to your continued engagement and contributions for the forthcoming October 2026 issue of the ASOSAI Journal.

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Theme Articles



Department of Policy Research
National Audit Office of China

The Chinese government attaches great importance to coordinated regional development and has continuously enriched and improved its concepts, strategies and policy frameworks. Drawing on their own comparative advantages, different regions in China have been integrating into the new development paradigm, as a result their economies have been growing steadily and their development has achieved in a more balanced way.

Since 2021, the National Audit Office of China (CNAO) has been grounding its efforts in economic oversight, focusing on its main responsibility of auditing the authenticity, lawfulness, and effectiveness of fiscal revenue and expenditure, and putting the audit of coordinated regional development at the top of public finance performance audit. Through auditing coordinated regional development programs, the CNAO are trying to remove institutional obstacles and explore new methodologies for audit institutions to play a better role in serving national governance and promoting high-quality development.

I. The Chinese Government Continuously Advances Coordinated Regional Development

At present, the principal contradiction facing Chinese society has evolved into the contradiction between the people's ever-growing needs for a better life and unbalanced and inadequate development.

China's economy has also shifted from a phase of rapid growth to a stage of high-quality development. Against this context, the Chinese government accurately grasped the feature of current development stage, applied the new development philosophy, and stepped up in fostering a new development paradigm, proposed updated plans on coordinated regional development, and achieved remarkable progress.

Establishing the Approach for Advancing Coordinated Regional Development

Under the new circumstances, promoting coordinated regional development entails respecting the nature of economy, encouraging all regions to pursue development based on their resource endowments, leverage their comparative advantages, and remove barriers to the flow of production factors. It aims to facilitate the rational flow and efficient aggregation of various productive factors, to promote concentration of industries and population in regions with advantages, and to improve overall economic efficiency.

Efforts shall be made to boost innovation, to build a dynamic system for high-quality development, to improve the distribution of major productive forces, and to leverage the role of key regions as growth poles. The economic and population carrying capacity of regions with economic advantages shall be strengthened, while other regions shall enhance their capacity in safeguarding food security, ecological security and etc., so as to form a regional economic structure featuring complementary strengths and high-quality development.

Building a Strategic Framework for Coordinated Regional Development

Since 2012, China has planned and implemented a series of major regional development strategies, including the Coordinated Development of the Beijing-Tianjin-Hebei Region, the Development of the Yangtze Economic Belt, the Development of the Guangdong-Hong Kong-Macao Greater Bay Area, the Integrated Development of the Yangtze River Delta, the Comprehensive Reform and Opening Up in Hainan, and the Ecological Protection and High-quality Development of the Yellow River Basin. China has also promoted the large-scale development of the western China, the full revitalization of northeast China, the rise of the central region, and the trailblazing development of the eastern region, and supported the accelerated development of areas with special characteristics. In addition, China implemented the functional zoning strategy and the new urbanization strategy, and gave full play to the synergies between strategies, which enhanced coordination and connectivity in regional development.

Improving Institutional Mechanisms for Coordinated Regional Development

Sound institutional mechanisms have been put in place for aligning development strategies among different regions, fostering integrated market, boosting regional cooperation and mutual support, and establishing inter-regional compensation mechanisms, so as to better advance the coordinated development of developed and underdeveloped regions as well as the eastern, central, western and northeastern regions. Efforts have been made to elevate regional cooperation by supporting inter-provincial bordering areas in establishing a cooperation mechanism featuring unified planning, integrated management, joint development and shared benefits. China has improved transfer payment to support underdeveloped regions and gradually achieve equitable access to basic public services. We also refined interest adjustment mechanisms for regional cooperation, support diversified compensation arrangements between upstream and downstream regions in river basins, and encourage the adoption of benefit-sharing models such as joint industrial parks and enclave economies.

II Actions and Achievements of CNAO in Auditing of Coordinated Regional Development

Over the past five years, CNAO has conducted eight audits, revealing more than 1,600 findings of various types. These audits urged relevant central departments and local governments to fulfill their primary responsibilities for rectification of audit findings, enabling audit work to effectively underpin and support coordinated regional development. In this regard, three major areas of work have been prioritized:

Grounding audit priorities in development plans and conducting full-cycle audits throughout their formulation, implementation, coordination and oversight. Guiding economic and social development through medium- and long-term plans is an essential approach to national governance in China. The 15th Five-Year Plan for National Economic and Social Development sets out strategic arrangements for economic and social development over the next five years, featuring major policies, key measures and flagship projects. It guides and coordinates annual programs, public budgets, financial and credit support, exploration and utilization of natural resources, public services, industrial development, social security, and access to education, medical care and housing. In this sense, development plans represent the highest-level efficiency benchmarks for public expenditure. China's five-year development plans, together with regional, spatial and specialized plans, form a unified national planning system, with regional plans serving as a key pillar of five-year development plans.

Accordingly, audits of coordinated regional development take regional development plan as main audit subject, covering the full-cycle of development plans from formulation, implementation to coordination and oversight. In terms of plan formulation, auditors focus on the rationality and consistency of the planning, as well as the efficiency of implementation mechanisms. In terms of implementation, auditors examine the formulation of specific measures, progress in reform tasks, construction of major projects, and financing as required by the plans, revealing difficulties and problems in implementation, and promote the full implementation of the plans. In terms of coordination and oversight, auditors review the duty fulfillment of central departments in monitoring, analyzing, coordinating and supervising the implementation of development plans, and identify mal-performed cases. Practice shows that CNAO has ensured whole-process oversight of regional development plans. In particular, it disclosed violations such as the abuse of power in regional development plan formulation to seek improper personal profits, playing a unique and important role in ensuring the sound formulation of development plans and promoting the common well-being of society.

Adopting a focused and targeted approach to deliver impactful outcomes through in-depth examination of key projects and funds. Given the extensive content, broad scope and complex hierarchy of regional development plans, the relevant audits must be targeted and focused to achieve maximum impact. In developing audit plans, auditors studied relevant policies and decisions concerning the audited regions, aligned them with the priorities and distinctive features of regional plans, and precisely defined the focus of audit. For instance, in the audit of the Beijing-Tianjin-Hebei Coordinated Development, auditors focused on the implementation of relieving Beijing of functions non-essential to its role as China's capital as the starting point; in the audit of the Yangtze Economic Belt, auditors focused on stepping up conservation of the Yangtze River and halting its overdevelopment as the primary issue. In conducting audits, auditors adopted the research-based approach by following the work stream of "Target-Policy-Project-Funding", closely examining issues such as delay of major projects and deficiency of fund allocation. Auditors delved deep into the institutional root causes behind problems, seriously investigated suspected violations of discipline and laws, and provided a reliable assessment of the implementation of regional development plans. The audit reports have been highly commended by central leadership, and relevant central departments and local governments have made concrete actions to rectify problems identified by audits, achieving sound results.

Strengthening whole-process oversight and establishing an integrated coordination mechanism to ensure efficient delivery.

Regional development plans follow a working mechanism whereby the central government leads general coordination, provincial governments bear overall accountability, and municipal & county-level governments ensure implementation. Relevant central departments are responsible for providing comprehensive guidance for the implementation of regional development strategies and conducting routine work such as coordination and supervision; relevant local governments assume the primary responsibility for implementation.

In practice, CNAO, on the one hand, strengthened vertical collaboration through auditing, at the same time, the performance of central departments and local governments in executing regional plans. In auditing central departments, efforts were made to sort out lists of major projects and problems identified at the central department level, issue lists of coordinated items, and instruct local auditors to conduct in-depth verification. In auditing local governments, problems identified were promptly communicated and cross-verified with central departments audit teams, so as to trace major problems to their sources and dig into deep-rooted institutional causes.

On the other hand, CNAO strengthened horizontal collaboration among audit teams in different regions on common issues such as inter-regional coordination and river basin coordination. In this case, once local audit teams identify common issues, such information will be submitted to the Department of Policy Research of the CNAO for analysis and assessment. The Policy Research Department then will provide a unified approach and scope of investigating similar issues, and request local audit teams for further verification and follow-up, and at last, adopts consistent wording in the audit reports for issues with the same nature. In this way, a horizontal and vertical coordination mechanism featuring clear division of responsibilities and unified actions in auditing regional development plan has been established.

III Challenges and Countermeasures in Auditing Coordinated Regional Development

In five years, the CNAO accomplished from initiation of coordinated regional development to full audit coverage of all coordinated regional development strategies. Nevertheless, to further deepen theoretical research and improve audit quality, it is necessary to strengthen research-based audit, continue to refine mechanisms, and enhance capacity in identifying and investigating major problems.

Strengthening study on the regional planning system. The CNAO will conduct in-depth studies of plans and policies, fully understand the ultimate goals of each strategy made by the central leadership, and sort out the operation characteristics of the coordinated regional development system by focusing on the tasks and connections of each strategy. And the CNAO will identify power-concentrated areas and fund-intensive areas to select audit subject and priorities, and adopt focused approach to address major issues.

Improving the organization of audit assignments. The CNAO will remain a clear understanding on the development plans, relevant audit assignment, and final audit reports, oversee the exercise of power by following the flow of project funds, intensify audits of central departments and relevant regions, and further improve coordination and collaboration mechanisms. This will better foster a sound cycle among the allocation of audit resources, the operation of audit mechanisms, and the utilization of audit results.

Enhancing capacity for understanding and analyzing major issues. The CNAO will continue to analyze economic issues from national governance perspective, pay close attention to investigating suspected violations of discipline and laws, and cage power within their mandate in development plan formulation, implementation and oversight. And the CNAO will reveal the most serious and prominent problems in the implementation of regional plans to create substantive deterrence and ensure that audit-based oversight is authoritative and effective.

Looking ahead, CNAO will continue its coordinated regional development audits with the focus on the effectiveness of implementation of national strategies, strengthen cross-regional coordinated oversight, remove policy barriers, promote the free flow of production factors, and safeguard high-quality regional development through audit-based oversight.

*****END*****



Head of sector at SAI Egypt, chair of SAI Egypt's team concerned with the INTOSAI Financial and Economic Stability Working Group.

Introduction

Across the globe, the public sector has undergone rapid transformation driven by accelerating technological innovation, the growing prevalence of emerging risks, and the expanding role of governments in economic and social activities. These developments have led to increasing complexity in public finances, a proliferation of implementing entities, and a growing interconnection of risks.

Within this evolving environment, Supreme Audit Institutions (SAIs) face mounting challenges that necessitate the modernization of traditional audit tools and methodologies in order to keep pace with ongoing developments and to ensure that their mandates are fulfilled with the required levels of efficiency and effectiveness.

At the same time, maintaining high quality in the execution of audit engagements remains essential, as audit quality constitutes a cornerstone influencing the credibility of audit outputs, the impact of audit reports, and the overall effectiveness of oversight activities. High-quality audit work also strengthens public trust in SAIs and supports their ability to meet the expectations of stakeholders.

In this context, there is a growing need to evolve beyond the traditional approach in which financial audits, performance audits, and compliance audits are conducted separately, toward a more integrated and comprehensive audit approach.

First: The Concept of Integrated Auditing

Integrated and comprehensive auditing refers to an approach that consistently combines multiple types of audits—such as financial audit, performance audit, compliance audit, and environmental audit—within a unified framework conducted by multidisciplinary audit teams.

The objective of this approach is to develop a holistic assessment of the performance of audited entities.

Integrated auditing goes beyond merely conducting several audit types simultaneously. It requires:

- Risk-based planning built on shared and interconnected risk assessments.
- Interrelated audit procedures designed to address multiple audit objectives.
- Integrated analysis of audit evidence and findings.
- Unified conclusions and recommendations that reflect a comprehensive understanding of the audited entity.

Second: The Importance of Adopting Integrated and Comprehensive Auditing

For many years, SAIs have largely followed what might be described as a “silo-based audit approach.”

Under this model:

Financial auditors focus primarily on determining whether financial statements present fairly, in all material respects, the financial position of the audited entity and whether they are free from material misstatements or fraud, thereby enhancing the reliability of financial reporting.

Performance auditors focus on assessing whether public entities utilize public resources with economy, efficiency, and effectiveness, examining plans, programs, and activities to determine whether they deliver value for money, while identifying opportunities for improvement and providing recommendations to enhance performance.

Compliance auditors focus on verifying whether audited entities comply with applicable laws, regulations, and governing frameworks.

However, given the increasing complexity of governance and public administration, SAIs are increasingly required to move beyond traditional audit approaches toward integrated and comprehensive oversight.

This transformation is no longer merely an option but a necessity driven by international standards and by the growing expectations placed upon SAIs to create tangible value for citizens, improve public service outcomes, and strengthen stakeholder trust.

Key drivers of this transformation include the following dimensions:

Increasing Complexity of Public Sector Projects

Large-scale national projects implemented by the public sector—such as major housing developments—often encompass infrastructure, utilities, and service components implemented by multiple entities.

Auditing these projects from a single perspective may not provide a comprehensive understanding of their success or failure.

Even where no financial irregularities or legal violations are detected, projects may still fail to achieve their intended societal impact due to weaknesses in integrated planning—for example, the absence of essential services required for citizens to effectively inhabit new housing developments.

Accordingly, integrated audits conducted by multidisciplinary teams enable SAIs to assess projects as unified systems, ensuring that audits focus not only on compliance and financial integrity but also on actual public value and societal impact.

Interconnected Risks

Financial risks, compliance risks, and operational risks have become increasingly interrelated.

Weak governance or ineffective management practices can simultaneously generate compliance violations, operational inefficiencies, and financial losses.

Therefore, audit methodologies must be designed around interconnected risk environments, rather than treating each risk category in isolation.

Rising Stakeholder Expectations

Stakeholder expectations have evolved significantly. Stakeholders now expect SAIs not only to provide technical opinions on financial statements but also to assess whether public spending delivers value and public benefit, and to provide evidence-based insights that support informed decision-making.

Digital Transformation of the Public Sector

Comprehensive digital transformation within government institutions requires audit teams equipped with specialized digital and data-analytics capabilities, enabling them to examine complex digital systems and integrated information environments.

Third: The Added Value of Integrated Auditing for SAIs

Adopting an integrated audit framework that combines financial, performance, and compliance dimensions offers several important advantages:

Enhancing the Quality of Judgments on Public Sector Performance

By combining financial audit findings with performance audit insights and compliance assessments, SAIs can produce more balanced and comprehensive audit reports.

Such integration enhances SAIs' understanding of the broader operational context of audited entities and enables them to provide strategic and analytical insights that go beyond traditional audit observations.

Improving Public Sector Risk Management

Integrated auditing supports modern approaches to public-sector risk management by:

- Identifying systemic risks
- Detecting institutional weaknesses that may undermine policy objectives
- Highlighting governance gaps that affect the efficient management of public resources.

Strengthening Public Sector Accountability Through Integrated and Comprehensive Audits - SAI Egypt

Strengthening the Impact of Audit Reports

Integrated audit reports are generally clearer and more relevant to stakeholders, making them more effective in supporting institutional reform, improving public resource management, and strengthening transparency and accountability.

Optimizing the Use of SAI Resources

Integrated auditing also helps avoid duplication of audit work, enhances coordination among audit teams, and maximizes the overall impact of audit activities.

Fourth: Requirements for Effective Implementation

Transitioning from traditional audit models to integrated auditing represents an institutional transformation, rather than merely an adjustment to operational procedures.

Key requirements include:

Integrated Risk-Based Planning: Audit engagements should begin with a unified risk assessment covering financial, performance, and compliance risks. These assessments should be consolidated into a comprehensive planning framework aligned with the fundamental principles outlined in ISSAI 100.

Multidisciplinary Audit Teams: Integrated auditing requires teams composed of professionals with diverse expertise, including:

- Financial specialists
- Performance evaluation experts
- Legal experts
- Information systems specialists
- Sector-specific subject-matter experts.

This diversity enhances the overall quality and depth of audit work.

Audit Guidance and Methodologies: SAIs should develop integrated audit guidance that facilitates the consolidation and analysis of results from different audit procedures within a single analytical framework.

Capacity Development: Auditors must acquire additional competencies through continuous professional development, including:

- Integrated analytical thinking
- Advanced data analytics
- Understanding public sector operating models
- High-impact reporting skills.

Fifth: Practical Challenges Facing SAIs

Despite its advantages, implementing integrated auditing presents several challenges:

- Organizational structures within many SAIs remain divided into separate departments dedicated to individual audit types.
- Professional resistance to change, as some auditors prefer traditional specialization.

Strengthening Public Sector Accountability Through Integrated and Comprehensive Audits - SAI Egypt

- Methodological limitations, including outdated audit manuals that do not yet accommodate integrated approaches.
- Skills gaps, requiring investment in new professional capabilities and specialized expertise.

Sixth: Emerging Trends within the INTOSAI Community

Developments within the International Organization of Supreme Audit Institutions community indicate a growing interest in more comprehensive audit models that emphasize: Risk-based and forward-looking oversight, thematic and multidisciplinary audits, the use of advanced data analytics tools measuring the impact and added value of SAI activities. It is expected that greater integration between different types of audits will become a defining characteristic of SAIs in the coming years, particularly as oversight expands to include complex policy areas such as sustainability and emerging global challenges.

Conclusion

Recent developments in public-sector oversight demonstrate that traditional audit models based on the separation of audit types are no longer sufficient to meet the demands of modern governance.

Adopting an integrated and comprehensive audit approach represents a strategic opportunity for SAIs to maximize their institutional impact and strengthen stakeholder confidence.

Achieving this transformation requires visionary leadership, updated methodologies, and sustained investment in human capital to enhance public sector accountability and ensure that SAIs continue to deliver high-value oversight that contributes to better governance and improved public outcomes.

*****END*****

Manish Kumar
Pr. Accountant General
SAI India

1. Public Sector Accountability

Public sector accountability refers to the obligation of government institutions, public officials, and state-funded bodies to explain and justify their decisions, actions, and use of public resources to stakeholders, including citizens, legislatures, audit institutions, and oversight bodies. Accountability ensures that public sectors are subjected to scrutiny, review, and corrective mechanisms.

In practical terms, accountability operates through systems of reporting, auditing, performance measurement, and legislative oversight. It links policy intent with outcomes and connects resource allocation with results. Instruments such as internal controls, performance audits, social audits, and parliamentary committees form the backbone of this system. An integrated cross-cutting audit approach strengthens accountability by examining how financial management, compliance, service delivery, and governance intersect across departments rather than in isolated silos.

2. Role of SAIs in ensuring public sector accountability

2.1 Constitutional Mandate

Supreme Audit Institutions (SAIs) derive their authority from the Constitutional or Statutory provisions that empower them to audit government revenues and expenditures. The audit mandate ensures SAI's independence, allowing it to examine whether public resources are used in accordance with laws, regulations, and legislative intent. By auditing government accounts and reporting their findings to the Parliament/Legislatures, SAIs act as a key pillar of democratic governance and financial oversight. Their reports enable elected representatives to scrutinize executive actions and hold public officials accountable for the management of public funds.

In India, the Comptroller and Auditor General of India (SAI India) is established under Articles 148-151 of the Constitution of India. As the governance in India is federal in nature, SAI assumes the role of the federal auditor auditing the accounts of the Union (Central) and State (Provincial) governments, its parastatals and local bodies. Through financial, compliance, and performance audits, the SAI India provides objective assurance on whether public expenditure is legal, economic, efficient, and aligned with policy goals. The constitutional mandate ensures that the audit function remains independent from executive influence.

2.2 Focus on Outputs and Outcomes

SAIs contribute to improving governance and public service delivery by focusing on outputs and outcomes in performance audit. They identify systemic weaknesses, inefficiencies, and policy implementation gaps that may hinder programme success. This approach encourages governments to shift from input-based administration toward results-based management.

2.3 Public Trust

Transparency and accountability are essential for maintaining public trust in government institutions. When audit findings are publicly reported and debated in legislative forums, citizens gain confidence that public resources are subject to independent scrutiny.

3. Public Sector programs

3.1 Institutional Framework

Public sector schemes are implemented through a structured institutional framework that connects policy formulation with on-ground execution. Typically, schemes originate at the Central or Provincial government level where policy objectives, guidelines, funding patterns, and implementation mechanisms are defined. Ministries or departments design the scheme, allocate budgetary resources, and issue operational guidelines that outline eligibility criteria, monitoring mechanisms, and reporting requirements. These guidelines form the administrative blueprint for implementation and ensure uniformity across implementing agencies.

Once the policy framework is established, implementation responsibilities are distributed across multiple government bodies, public agencies, and sometimes private or non-governmental partners. Financial flows are routed through treasury systems, dedicated funds, or centrally sponsored schemes where both Central and State governments share responsibilities.

For instance, the Pradhan Mantri Awaas Yojana-Gramin (PMAY-G) housing scheme is implemented through coordination between the Union government and state administrations, demonstrating how multiple levels of governance collaborate to deliver public services.

3.2 Operations at Multiple Levels and Hierarchies - Vertical and Horizontal

Public sector programmes in India typically operate across multiple levels of governance, creating a vertical hierarchy that connects national, state, district, and local administrations. In this vertical structure, responsibilities are distributed along the administrative chain. Central ministries may design and fund the scheme, state departments adapt the implementation strategy to local contexts, district authorities coordinate execution, and local bodies or field offices deliver services directly to beneficiaries. This layered structure ensures wider outreach but also introduces complexities in coordination, monitoring, and accountability.

In addition to vertical linkages, public programmes also function through horizontal coordination among departments and agencies operating at the same administrative level. Many development schemes—such as those related to infrastructure, MSME development, or social welfare—require collaboration among departments dealing with finance, industry, land, environment, and local governance. Such horizontal coordination helps integrate resources and expertise but also creates risks of duplication, gaps in responsibility, or delays if coordination mechanisms are weak. For auditors and policymakers, understanding both vertical and horizontal linkages is essential to evaluate programme performance and identify systemic issues that may affect implementation outcomes.

4. Integrated Cross-Cutting audit of public sector programs

4.1 Performance Audit Guidelines of SAI India

Para 3.8 of Performance Audit guidelines provide for selection of subjects which cuts across various departments or entities. They provide a platform for performance audit on a theme or thrust area over a cross section of entities, who are entrusted with the responsibility for the programme and activity.

4.2 Insufficient Traditional Oversight

Traditional audit approach (Compliance and Financial Audits) and oversight mechanisms often focus on individual departments, agencies, or financial transactions. Although these approaches are essential for maintaining fiscal discipline and legality, they may not fully capture how complex government programs actually function. Many government schemes today involve multiple ministries, implementing agencies, and layers of administration, making it difficult to assess the overall effectiveness of a program when each entity is audited in isolation.

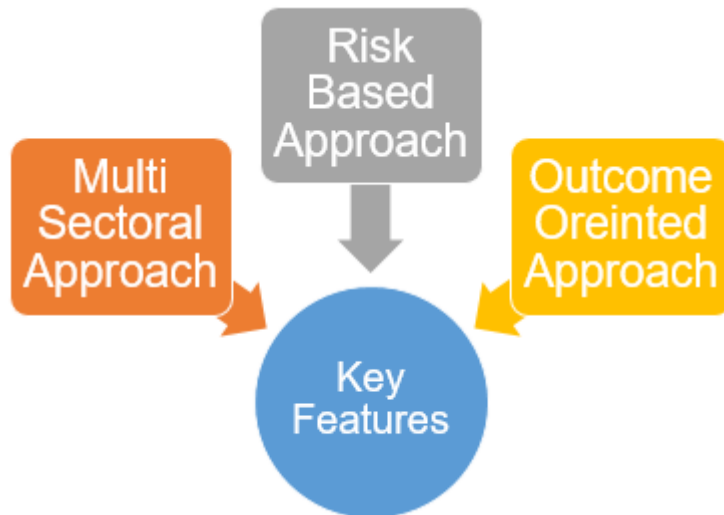
As a result, traditional oversight may overlook systemic issues such as coordination failures, duplication of efforts, delays in service delivery, or gaps between policy intent and implementation outcomes. This limitation highlights the need for a more integrated audit approach that evaluates the entire program ecosystem rather than isolated institutional components.

4.3 Concept of Integrated Cross-Cutting Audit

An integrated cross-cutting audit is an approach that evaluates a public sector program holistically by examining all institutions, processes, and stakeholders involved in achieving its objectives. Instead of focusing solely on individual organizations, the audit places the program or policy initiative at the center of analysis. The audit then traces how different departments, agencies, and implementation mechanisms contribute to the program's design, funding, execution, and monitoring.

Integrated audits also allow for a more comprehensive assessment of whether government interventions are producing intended results. In doing so, they complement traditional financial and compliance audits by adding a strategic perspective on governance and program performance.

5. Key Features of Integrated Cross-Cutting Audit



5.1 Multi-Sectoral Approach

Integrated audits recognize that many public programs operate across multiple sectors. A single scheme may involve collaboration among departments responsible for finance, infrastructure, technology, environmental regulation, and social development. Therefore, the audit examines interactions among these sectors rather than reviewing them independently.

5.2 Risk-Based Approach

Integrated audits use risk-based methodologies to focus on areas with the greatest potential impact on program success. Instead of examining all components equally, auditors identify critical risk points such as financial flows, procurement systems, inter-agency coordination, and beneficiary targeting.

5.3 Outcome-Oriented Approach

Unlike traditional audits that emphasize procedural compliance, integrated audits focus on outcomes and impact. They evaluate whether programs achieve policy objectives and deliver measurable benefits to citizens.

6. Benefits of Integrated Audit



6.1 Evaluation of Financial Economy

They examine whether public resources are used economically across the entire program framework, helping identify wasteful expenditure and improving budget planning.

6.2 Assessment of Operational Efficiency

By analyzing administrative processes across departments, integrated audits detect bottlenecks, redundancies, and coordination failures.

6.3 Evaluation of Effectiveness of Service Delivery

They evaluate whether programs achieve intended objectives and deliver services to beneficiaries in a timely and equitable manner.

6.4 Ensuring Compliance with Regulatory Requirements

Integrated audits verify adherence to statutory provisions, financial rules, procurement guidelines, and policy directives across all government agencies.

6.5 Enhancing Transparency

Comprehensive program analysis enhances transparency by providing stakeholders with a clear understanding of how public resources are used.

6.6 Fixing Accountability at All Levels

By mapping the decision-making and implementation across administrative levels, integrated audits help identify responsible entities and strengthen accountability.

7. Challenges and Solutions

7.1 Institutional Challenges

Government programs are often administered by multiple departments operating within their own mandates. Institutional silos can hinder access to information and complicate program evaluation.

Establishing cross-sector audit teams and adopting program-based audit planning can help overcome these challenges.

7.2 Technical Challenges

Integrated audits require large volumes of data from multiple sources. Differences in information systems and lack of interoperability can limit data availability.

Developing standardized data formats, integrated reporting systems, and advanced analytical tools can address these challenges.

7.3 Capacity-Building Challenges

Auditors conducting integrated audits require multidisciplinary skills, including policy analysis, program evaluation, and sector-specific knowledge.

Regular training programs, interdisciplinary collaboration, and involvement of subject-matter experts can strengthen audit capacity.

7.4 Coordination Challenges

Since integrated audits involve multiple stakeholders, effective coordination mechanisms are essential. Establishing communication channels, standardized reporting templates, and collaborative platforms can improve coordination between auditors and implementing agencies.

7.5 Ensuring Sustainability of Integrated Audit Practices

Institutionalizing integrated audits requires supportive policies, standardized methodologies, and strategic planning within audit institutions. Integrating program-based auditing into long-term audit frameworks can ensure sustainability.

8. Case Studies from SAI India

SAI India has applied integrated audit approaches in several major audits involving multiple ministries, state governments, and public sector entities. These include:

1. Rejuvenation of River Ganga (Namami Gange): Report No 39 of 2017
2. Schemes for Flood Control and Flood Forecasting: Report No 10 of 2017
3. Environmental Clearance and Post-Clearance Monitoring: Report No 39 of 2016
4. Management of Spectrum Assigned on Administrative Basis: Report No 2 of 2022

These audits involved coordination among multiple audit offices at the Union and State levels and examined complex programs involving numerous government agencies. The integrated approach enabled auditors to evaluate program performance across institutional boundaries.

In the audit cycle of 2026-27, SAI India has under two audit subjects involving integrated audit approach. These include:

1. Audit of Ease of Doing Business (EoDB) in the MSME sector: MSME operations involve multiple departments in the State such as industry, finance, land, utilities, labour, and regulatory authorities. An integrated audit involving multiple departments at 30 State and Union level as well as across 30 State Audit Offices allows evaluation of the entire MSME business lifecycle.
2. Theme based audit of Multimodal Transport and Logistics Initiatives: The audit has been designed as a cross-sectoral and inter-departmental exercise examining policy, infrastructure, and operational interventions across the multimodal logistics ecosystem. It involved 4 Indian Railways and its parastatals, Ministry of Road Transport and Highways and the Ministry of Ports, Shipping and Waterways. An Integrated Audit Group comprising of audit offices across the country has been formed to undertake the audit.

9. Conclusion

Integrated cross-cutting audits represent an important evolution in public sector oversight by shifting the focus from isolated institutional reviews to comprehensive evaluation of entire government programs. This approach enables auditors to examine financial management, operational efficiency, compliance, and service delivery outcomes within a single analytical framework. By capturing inter-departmental linkages horizontally as well as vertically and systemic risks, integrated audits help identify coordination gaps and policy implementation challenges that traditional audits may overlook. They therefore, strengthen transparency, improve accountability across multiple levels of governance, and support evidence-based decision-making.

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Harshit Todi

Director
SAI India

Abstract

Public sector governance in the twenty-first century is increasingly characterized by complex policy challenges, inter-ministerial programmes, and multi-stakeholder delivery systems. Governments are investing unprecedented resources in infrastructure, digital platforms, social protection, and environmental initiatives that cut across traditional administrative boundaries. In such a context, traditional silo-based auditing approaches often fall short in capturing systemic risks that arise from interconnected governance structures.

Supreme Audit Institutions (SAIs) therefore face the challenge of evolving their audit methodologies to ensure that accountability mechanisms keep pace with the complexity of public administration. Integrated and cross-cutting audits have emerged as an important tool in this regard. These audits examine policy frameworks, institutions, and operations across multiple entities to assess whether public programmes achieve intended outcomes in an efficient, economical, and effective manner.

This article examines the role of integrated and cross-cutting audits in strengthening public sector accountability. It discusses conceptual foundations, institutional challenges, and presents a case study from India on the audit of “Multi-Modal Transport And Logistics (MMTAL)” initiatives led by Indian Railways.

Introduction: The Evolution of Accountability

Public sector accountability has traditionally been viewed through the lens of individual departmental performance. However, as governments shift toward “Whole-of-Government” approaches, addressing complex issues like climate change, logistics integration, urban development, and digital transformation, the mandate for Supreme Audit Institutions (SAIs) must similarly evolve.

SAIs must adopt methodologies that track the flow of resources and data across various legal and administrative boundaries. Integrated and cross-cutting audits represent this new frontier, focusing on outcomes rather than just departmental outputs.

Concept of Integrated and Cross-cutting Audits

An **Integrated Audit** combines elements of financial, compliance, and performance auditing into a single oversight exercise. It ensures that the reliability of financial reporting and the efficacy of internal controls are evaluated alongside the economy and efficiency of the program.

A **Cross-cutting Audit**, conversely, follows a theme or a project across multiple ministries, departments, and even levels of government (Central, State, and Local). It is particularly effective for:

- **Infrastructure Projects:** Where land acquisition, environmental clearance, and funding involve different agencies.
- **Digital Ecosystems:** Where data flows between systems like FOIS (Railways), ULIP (Logistics), and private sector platforms.
- **Social Safety Nets:** Where beneficiaries receive services from health, education, and social welfare departments simultaneously.

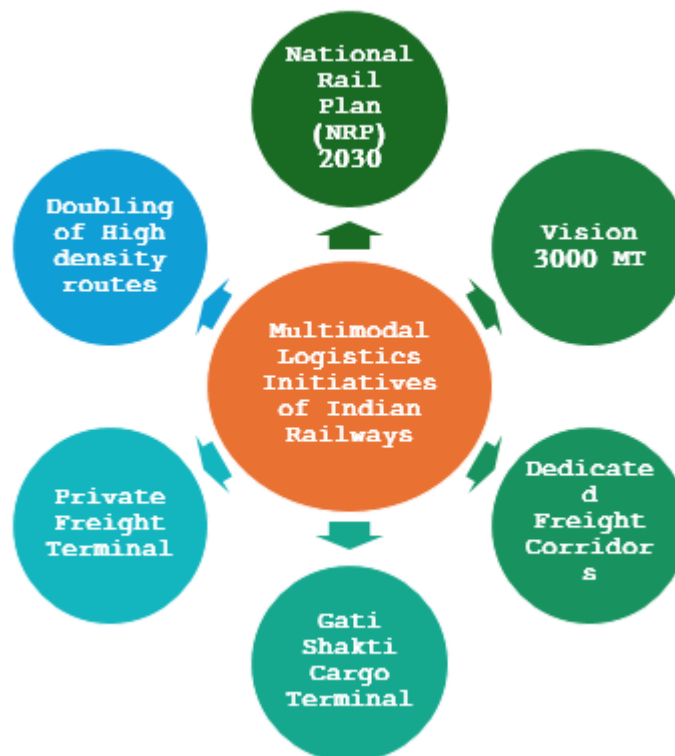
Case Study: Theme-Based Audit of Multimodal Transport and Logistics (MMTAL)

A prime example of this approach is the recent audit of “Multimodal Transport and Logistics” initiatives within the Indian Railways and the broader logistics ecosystem.

Background and Context

Efficient logistics is a critical determinant of economic competitiveness and trade efficiency. In India, logistics systems involve multiple modes of transport—railways, roads, ports, inland waterways, and air cargo. However, these sectors have historically developed in silos, resulting in fragmented planning and operational inefficiencies. While logistics costs for India as a whole stood at 7.97% of GDP in FY 2023-24¹ for long distance, they remain as high as 16.9% for MSMEs, eroding competitiveness and raising inflation, congestion, and emissions. Rail's freight share declined from 89% in 1951 to 26% in 2025, while road accounts for over 70%, reflecting weak multimodal integration and capacity constraints. Rail freight remains significantly cheaper—₹1.96 per tonne-km compared to ₹3.78 for road² - and far cleaner: road transport accounts for 90% of transport-sector CO₂ emissions, while rail contributes only 6%³.

Government initiatives such as the Unified Logistics Interface Platform (ULIP), PM Gati Shakti National Master Plan and the National Logistics Policy aim to address these challenges by promoting integrated infrastructure development and multimodal connectivity.



Despite these initiatives, several **structural challenges** persist:

- low average freight train speeds
- inadequate multimodal terminals
- weak first- and last-mile connectivity
- fragmented digital systems across transport modes
- regulatory and documentation complexities
- Lack of assured time and dynamic pricing

¹ DPIIT Report - NCAER study (September 2025)- Assessment of Logistics Cost in India

² DPIIT Report - NCAER study (September 2025)- Assessment of Logistics Cost in India

³ Working Paper on “ Pathways to decarbonize India’s transport sector: Scenario analysis using the Energy Policy Simulator” by WRI India (August 2024).

Strengthening Public Sector Accountability through Integrated and Cross-cutting Audits - SAI India

By virtue of its constitutional mandate, the **SAI of India is uniquely positioned** to undertake a cross-sectoral, system-level, and forward-looking audit. This is critical in the context of unprecedented public expenditure, multiple concurrent initiatives across ministries, and persistent gaps between policy intent and outcomes.

Audit Objectives and Scope

The audit was designed as a cross-sectoral and inter-departmental exercise, covering the period 2022-23 to 2024-25. Its objectives included assessing:

- alignment of railway planning with national logistics policies
- integration between railways, roads, and ports
- operational performance of logistics infrastructure
- digital platforms supporting logistics operations
- Global best practices and suitability to Indian context

The audit covered multiple levels of the railway organization—from policy formulation at the Railway Board to implementation at zonal, divisional, and field units. It also examined related entities such as logistics terminals, dedicated freight corridors, and multimodal logistics parks (MMLPs) from both Roadways and Ports sector.

Methodology for Cross-cutting Audits

Unlike traditional audits, the Audit Design Matrix (ADM) for a cross-cutting theme must identify "interface risks"—points where the hand-off between two agencies might lead to data loss, financial leakage, or delays. The audit adopted several innovative practices consistent with integrated audit principles.

1. Institutional collaboration - An Integrated Audit Group was established to coordinate efforts across different audit wings and ensure consistency in methodology. It consists of officers and teams from Audit offices of Roadways, Shipping and Customs.

2. Data-driven analysis - A dedicated Remote Digital Auditing Cell examined digital platforms and logistics data flows, enabling evidence-based analysis of operational performance. The analysis covered integration of IT systems of various modes of transport to check for end-to-end integration and data flow, including real time data availability.

3. External domain expertise - Academic institutions like IIM Mumbai and IIM Ahmedabad was engaged to support analytical frameworks for Origin-Destination pairs and benchmarking.

4. Stakeholder consultations - The audit included consultations with policymakers, logistics operators, freight users, and industry associations. Beneficiary survey by NCAER is being conducted to capture user perspectives on logistics costs, operational challenges, etc.

5. Field Visits - Field visits to ports, CONCOR terminals, MMLPs, etc apart from regular visit to audit departments was done to get first hand experience.

Key Insights from Audit

Although the audit is still evolving, the integrated approach has already generated several important insights:

- **Fragmented planning** across transport sectors led to infrastructure gaps and inefficient modal integration. There was no policy for MMLPs in Railways.
- **Digital interoperability** remains a key challenge, as different transport modes operate separate information systems with limited integration between them on real time basis.
- **First- and last-mile connectivity** to rail terminals significantly affects logistics efficiency and modal shift from road to rail as a result of which Railways is w=not able to increase its modal share from 26%.
- **Stakeholder feedback** indicates that regulatory complexity and documentation requirements continue to increase transaction costs and hence they prefer roadways over railways.

Strengthening Public Sector Accountability through Integrated and Cross-cutting Audits - SAI India

These findings highlight the value of integrated audits in identifying systemic issues that cut across institutional boundaries.

Lessons for Supreme Audit Institutions

The experience from this case study offers several lessons for SAIs seeking to adopt cross-cutting audit approaches.

- 1. Institutional coordination within the SAI** - Integrated audits require collaboration across audit departments and sectors within the SAI itself. Establishing specialized audit groups can help coordinate such efforts.
- 2. Use of data analytics and digital tools** - As government programmes increasingly rely on digital platforms, auditors must strengthen their capacity for data analytics and system audits.
- 3. Engagement with domain experts** - Complex policy areas such as logistics, climate change, or digital governance may require expertise beyond traditional auditing skills. Partnerships with academic institutions and research organizations can enhance analytical depth. E.g. data scientists, urban planners, and logistics experts.
- 4. Beneficiary-centric approach** - Citizen and stakeholder feedback is crucial for evaluating programme outcomes. Surveys, workshops, and consultations should therefore form an integral part of audit methodology.
- 5. Focus on systemic recommendations** - The objective of cross-cutting audits is not merely to identify deficiencies but to provide actionable recommendations that improve coordination and policy effectiveness.

Challenges and learnings from MMTAL

Despite their benefits, integrated and cross-cutting audits face significant hurdles:

- **Coordination Constraints:** SAIs often face challenges when they have to do auditing by collaboration of multiple offices, since Integrated and cross-cutting audit is new and jurisdiction and conceptual understanding of offices varies. The solution is Integrated Audit Group to oversee such audits.
- **Skill Gaps:** Auditors require "Data Literacy"—the ability to analyze IT system logs and understand system integration design documents. Capacity building and regular Workshops/interaction among offices is the way to go.
- **Resource Intensity:** These audits require larger teams and longer timelines than traditional departmental inspections. The field audit for MMTAL audit was initiated in December and completed in March (four months). Thus, this audit has set a benchmark on how to squeeze the time and resources.

Conclusion

As we look toward the mid-21st century, the role of the auditor is changing from a "fault-finder" to a "system-evaluator." The case study on the audit of Multi-Modal Transport and Logistics initiatives in India illustrates how such approaches can identify systemic bottlenecks and recommend evidence-based policymaking. Through data-driven analysis, stakeholder engagement, and collaboration with domain experts, the audit demonstrates the potential of integrated methodologies to strengthen accountability and improve governance outcomes.

By sharing such experiences and best practices, SAIs across the ASOSAI region can collectively advance the development of modern, responsive, and impactful public sector auditing systems and thus accountability.

*****END*****

Ms. Cecilia Tri Wuryantiningsih, Directorate General of State Finance Audit VII

Mr. Welly Irawan, Head of Subdirectorates of Audit Management II



Ms. Cecilia Tri Wuryantiningsih



Mr. Welly Irawan

Introduction

Auditing practices have evolved in response to growing public demand for credible and transparent information regarding the finances and performance of organizations and companies. As a result, auditors are expected to assume greater responsibility not only for assessing corporate governance but also for addressing the presence or absence of irregularities, including fraud. In other words, auditors can no longer hide behind the sampling approach. These expectations, coupled with changes in the global business landscape, have driven a shift from traditional audit methods to risk-based auditing. A risk-based approach has been used to determine the level of reliability of selected audit areas and objectives.

However, in this digital era, audit strategy and methodology as well as auditor abilities must be adjusted to digital transformation as well. Indeed, traditional paper-based approaches and manual random testing will increasingly be replaced by integrated systems that incorporate automation and data analytics techniques, including Artificial Intelligence (AI) assisted processes. These approaches enable auditors to perform in-depth data analysis to identify anomalies, risk patterns, and potential fraud indicators.

This article aims to demonstrate how an integrated data analytics framework supported by artificial intelligence can enhance risk-based auditing in complex state-owned enterprise ecosystems, through evidence from Supreme Audit Institution (SAI) of Indonesia audit practice.

One of the main mandates of Audit Board of the Republic of Indonesia (BPK) is to examine the management and responsibility of state finances, which include state assets separated into State-Owned Enterprise (SOE)s. SOE is an entity formed by the government to engage in commercial activities, owned either fully or partially by the government. SOEs business fields consist of various sectors, namely energy, oil and gas, electricity, infrastructure and construction, banking and financial services sector, telecommunications and media, transportation and logistics, mining and strategic industry, and food and plantation/others. SOEs function as state-owned commercial entities that serve as development agents in delivering public and merit goods. The current number of SOEs, subsidiaries, and related parties is more than 1,000 companies and is planned to be slimmed down to around 200 companies. Among them, there are 62 SOEs which have total assets of IDR 12.5 quadrillion.

Considering the complexity and uniqueness of business processes in each SOE, the number of SOEs and their affiliated entities, and the high frequency of transactions, audits carried out on SOEs certainly have a different approach to audits carried out by SAI on routine government spending or procurement activities. In addition, there are cross-sectoral issues between SOEs, as well as SOEs and the government, both through the relevant technical ministries and the SOE Regulatory Body. On the other hand, audits are challenged to produce useful output despite limited resources.

According to INTOSAI-P 12, SAI strengthens public sector accountability by conducting high-quality audits and issuing recommendations that contribute to improved governance and public value. As well as strategic recommendations that have impact on improving governance and business strategy, a quality and beneficial audit also depends on the audit strategy, methodology, and auditor's abilities.

Digitalization has impact on almost all aspects of organizations and businesses, producing large amounts of data and demanding speed and accuracy in processing information (Wessel et al., 2025). This transformation occurs simultaneously within SOEs as the audited entities and within the audit agencies themselves. According to Bani et al. (2025), this systemic shift fundamentally enhances audit quality by driving improvements in effectiveness, efficiency, transparency, accuracy, and timeliness.

Driving Value And Impact: Utilization of Big Data Analytics in Integrated Risk-based Auditing State-owned Enterprises - SAI Indonesia

The auditing profession can no longer rely on traditional paradigms; it must transition toward digital auditing (Manita et al., 2020) to maintain relevance and precision. The transition from a paper-based to a digital-first environment has not eliminated audit sampling but has significantly expanded auditors' ability to analyze full-population data, thereby strengthening risk-based audit strategies. In line with this transformation, the emergence of AI accelerates the evolution of auditing practices. At a more advanced level, AI enables automated statistical modeling and improves the ability to analyze data. In particular, AI can be used for identifying anomalies in large datasets, which may serve as basic further forensic investigation (Kokina & Davenport, 2017).

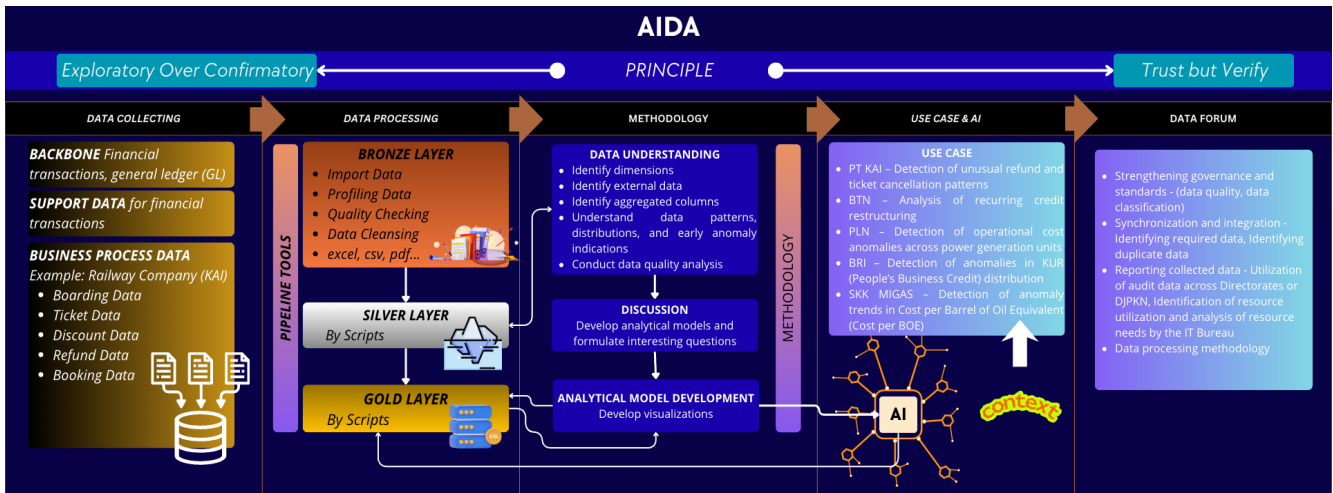
AIDA, Artificial Intelligence for Data Analytics

BPK's strategic plan is carried out based on data and technology which is packaged in the term Data-Based Organization. The Data Driven Organization then became the inspiration for the strategic goals in the ICT Master Plan. One of the visions of the ICT Masterplan is realized in BPK Big Data Analytics (BIDICS) as a pillar of digital transformation.

Artificial Intelligence for Data Analytics (AIDA) is an analytical instrument developed as part of BPK's digital transformation ecosystem, particularly under the BIDICS. As Data Analytics & Data Management platform, AIDA aims to strengthen data-driven auditing capabilities and enhance the effectiveness and quality of audit processes.

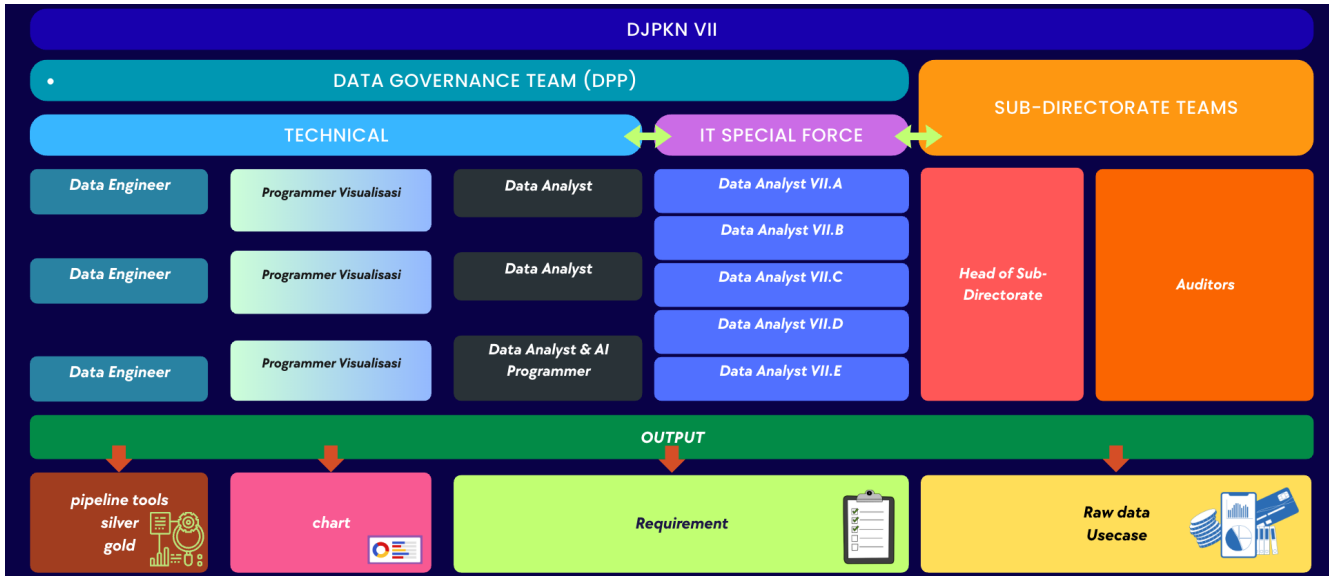
Over the past two years, BPK has progressively enhanced its audit strategy and methodology by implementing an integrated audit approach that leverages big data and advanced data analytics. This development is aligned with the restructuring of annual audit planning, where audit activities are designed to be more structured, interconnected, and responsive to evolving technological developments.

Through this integrated approach, AIDA supports more in-depth large-scale data analysis to detect anomalies and risks in SOE management. Data processed in AIDA comes from various sources, including internal auditee records, publicly available data, and cross-sector data sharing among audit units within the BPK.



AIDA process stages include Data Collecting, Data Processing, Data Understanding and Analytical, as well as AI-Model Development. Audit teams collect data and determine the required analytical models based on a substantive understanding of transactions and business processes at the audited entity, then data governance teams process data and develop AIDA dashboards based on the needs of each audit team.

Driving Value And Impact: Utilization of Big Data Analytics in Integrated Risk-based Auditing State-owned Enterprises - SAI Indonesia



Audits carried out on SOEs and related entities by BPK utilized AIDA, for example in detecting unusual patterns of ticket returns and cancellations (transportation), analysis of recurring credit restructuring and detecting distribution anomalies of People’s Business Credit (banking), detecting operational cost anomalies between generating units (energy), and detecting trend anomalies in Cost per Barrel Oil Equivalent (oil and gas). AIDA is not a tool for generating findings, but rather for identifying risks and early indications. In this case, it indeed strengthens the decision-making process but does not replace the auditor’s judgment.

The following sections will discuss about two examples of the use of analytical data to support audits in 2025 in two entities, which are audit on fuel subsidy management in oil and gas SOEs and other related agencies, and audit on distribution of home ownership loans in one particular bank.

Audit on Fuel Subsidy Management

In the first audit example, which is Audit on Fuel Subsidy Management, analytical data was carried out during audit planning. Auditors assigned to audit oil and gas SOEs collected data from the SOEs’ internal data and data from external sources. These data consist of a very large number of records, for example comprising approximately 1,231,923,104 subsidized Liquefied Petroleum Gas (LPG) transaction records. The data were then processed by the data governance team through pipeline tools that produce data analysis. Based on the data analysis, the auditors developed analytical models from the data, and the data governance team developed AIDA dashboards based on the auditor’s needs, including an overview of subsidies, subsidy analysis, anomalies and tentative audit findings.

Tentative audit findings resulting from data analysis procedures include problems in managing fuel subsidy distribution data. The fuel subsidy distribution data are incomplete, and contain data errors. In addition, the data analysis identified distribution of subsidized LPG that was not on target, as well as consumption anomalies exceeding normal usage thresholds. These represent analytical projections derived from population-level transaction datasets and are subject to further field verification.

Based on this anomaly data, the next audit procedures will focus on areas that have the highest transaction anomalies to carry out tests on agents and “pangkalan”. All procedures to be carried out in the field audit have been outlined in the audit program. Following analytical procedures, auditors carried out other audit procedures, including reviewing documents (contracts, regulations, management reports, studies, documents from other related agencies), interviewing/requesting information from management; suppliers and other external parties, as well as asking confirmation from related parties.

It is also necessary to examine whether the distribution to consumer segments is in accordance with the Integrated Social Welfare Data. The data, compiled and managed by the Ministry of Social Affairs, is master data which contains data on the need for social welfare services.

Driving Value And Impact: Utilization of Big Data Analytics in Integrated Risk-based Auditing State-owned Enterprises - SAI Indonesia

Audit on Distribution of Home Ownership Loans

The second audit example is about distribution of home ownership loans in one particular bank comprising approximately 4,105,801 records. In the data analysis process, data from the Bank's internal data and data from external sources such as Population and Civil Registration Service, Employment Social Security Agency, and State Electricity Company are used to map risk groups. These data consist of a very large number of records, for example customer data from the State Electricity Company contains 86,769,971 records. In this case, the audit is very dependent on the availability and reliability of data both internal and external, the readiness of the institutions involved, also the competence of the auditor in processing and analysing data.

By using AIDA, auditors identify portfolio risks of debtor profiles based on collectability, occupation and developer company. Risky debtors would be an audit priority characterized by high outstanding credit values and high Non-Performing Loan (NPL) percentages exceeding the unhealthy threshold (>12%), and places of work that were at risk, as well as fast credit application processes.

The results of further examinations (document review, interviews, confirmation and physical examination) carried out by the auditor showed that there were problems, including discrepancies in the debtor's employment data when applying for credit with the actual conditions (not registered with Employment Social Security Agency, registered for another job, unemployed and student status). The registration used someone else's name and identity, and credit instalments were paid by the developer company or a third party, thus obscuring the true credit risk.

In addition, the results of the physical inspection might find several houses were not occupied/abandoned even though the consumer had submitted the credit application for a long time. Those conditions and the fact that the credits are categorized as non-performing loans, might indicate that the debtors/home buyers are fictitious.

These problems will be examined and proven in audit findings based on the evidence found during the audit. Auditee responses/comments regarding findings are important to maintain objectivity. It is, then, BPK task to provide several recommendations in the form of proposed improvements to overcome problems, prevent future errors, and improve performance, which requires follow-up.

Benefits and Next Development

The use of AIDA enhances audit process more efficient because large scale data can be processed within a shorter time, it also improves the effectiveness and quality of the audit process through identifying risks, pinpointing anomalies and fraud patterns that may be missed by traditional methods; and reducing competency gaps between audit teams.

AIDA is currently under continuous developed. In the future, AI is expected to be able to 'orchestrate' all data in AIDA, including helping analyze whether follow-up documents are aligned with audit recommendations.

Conclusion

To sum up, an increasingly complex and dynamic business environment is triggering digital transformation both in auditees and audit agencies. Audits can no longer rely on conventional methods, and are expected to update methodological approaches, work tools, and auditor abilities.

While risk-based sampling remains relevant, the digital era requires a shift toward automated data analytics supported by integrated systems and AI. This enables auditors to analyze full datasets, identify anomalies, and detect fraud more effectively than traditional approaches.

The implementation of AIDA by BPK demonstrates how digital integration shifts the audit focus from retrospective verification to proactive risk detection. Nevertheless, institutional readiness, data governance maturity, and auditor competency remain the critical determinants of long-term sustainability.

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Dr. Nawres Salam Hatem Al-Nuoaimi
 Republic of Iraq
 Federal Board of Supreme Audit
 Chief of the Audit Team

Abstract

This practical paper aims to clarify the theoretical aspects of public financial management and highlight an internationally recognized framework supported by the latest global standards and practices. It also presents the fundamental concepts of the various types of external auditing and the reasons for integrating them when implementing a specific audit engagement in a manner that allows

for multiple levels of assurance. This approach helps avoid the problems associated with examining broad areas using only one specific type of external audit.

The paper concludes with several findings, the most prominent of which is the need for administrations concerned with financial affairs to diversify and integrate the types of auditing used to verify their performance. It also recommends the necessity of creating a combined approach among the available types of external auditing.

Introduction

Public finance holds an important and distinctive position in the life of states and societies. It represents the backbone of the establishment and continuity of the state and serves as a mirror reflecting the reality of its overall conditions. Sound management of public finance is undoubtedly one of the most important pillars upon which governments rely in implementing their plans and policies and achieving their strategic objectives.

In order to enhance this management and improve its performance levels, it is necessary to adopt or develop purposeful practices that ensure the integrity of the functions performed and the achievement of objectives. To strengthen the reliability of this administration, continuous evaluation and effective control over its various aspects are essential.

Undoubtedly, conducting comprehensive auditing processes efficiently and effectively on these aspects, identifying corrective responses, and implementing them contributes to strengthening public accountability practices and supporting necessary reforms. This.

1. Public Financial Management

Public financial management has historical roots dating back to ancient times when public finance first emerged. It has evolved alongside historical developments and has become an essential component of the structure and entity of the state (Nandolo, 2016:1). Public financial management represents a set of legislation, principles, rules, and financial procedures adopted and applied by governments in managing and organizing the main elements of a country's finances. These include estimating and collecting public revenues, estimating and spending public expenditures, as well as preparing, approving, implementing, and monitoring the general budget (Bandy, 2023:3-4). Moreover, it also encompasses procedures aimed at creating integration between fiscal and monetary policies in a manner that supports the national economy and achieves sustainable financial development (Cangiano et al., 2013:2).

1.1 Objectives of Public Financial Management

Public financial management aims to achieve economic stability by controlling levels of expenditure and sources of revenue, as well as efficiency in the use of resources through allocating them effectively and efficiently to maximize their benefits. It also aims to achieve social equity through the distribution of government spending in a way that serves different segments of society (Matala-Banda, 2023:31). Its objectives are numerous and interconnected with other sciences and sectors. The most important of these include: Strategic Allocation of Resources, Operational Efficiency and Fiscal Discipline (Kristensen, 2019:2).

1.2 Functions of Public Financial Management

Public financial management plays an important role in the preparation and implementation of public plans and policies and contributes effectively to achieving governmental objectives. It represents the central link between financial resources, service delivery, and the achievement of goals. In order to perform this role, it must undertake a number of functions, as outlined: Budget Management, Accounting and Reporting, Cash Management, Public Revenue Management, Public Debt Management and Public Expenditure Management (Cheruiyot, 2018:1).

2. Public Expenditure and Financial Accountability Framework (PEFA)

Given the importance of public financial management in governments, as it is considered one of the primary tools used to achieve economic, social, and political objectives, countries around the world have devoted considerable attention to evaluating their financial administrations and working to develop and adopt mechanisms that help reform their structures and increase their resources. As a result, an international partnership composed of several countries and organizations emerged with the aim of establishing modern and unified practices that contribute to reforming public financial management and the course of its functions. Consequently, this partnership launched a unified financial framework for evaluating the various aspects of public financial management within a country. This framework became known as the Public Expenditure and Financial Accountability (PEFA) Framework, while its formal designation is the Public Financial Management Performance Measurement Framework (PEFA Secretariat, 2011:1-2). The framework aims to assist authorities responsible for financial affairs in identifying and implementing corrective measures to address weaknesses and strengthen areas of performance by providing a comprehensive report that offers an overall view of administrative performance. In addition, the framework analyzes the economic environment of the country and compares the extent to which established strategies align with public policies, as well as evaluating transparency and public accountability in financial matters (Hawke, 2016:43-44). This framework has been applied in many countries on numerous occasions and has recently become a standard methodology for financial governance assessments. To date, it has been implemented in more than 155 countries, producing over 889 completed assessment reports (www.pefa.org).

3. Auditing Public Financial Management

Public financial management is one of the most important sectors influencing the effectiveness of governments in achieving their objectives. Therefore, auditing this management represents a fundamental step in strengthening financial accountability practices and supporting necessary reforms in order to achieve the desired goals. Auditing public financial management is not limited to identifying deficiencies or resource wastage. It also aims to enhance confidence in the procedures and practices applied, improve governmental operational efficiency, identify opportunities for improvement, and focus on reducing financial risks. Due to the multiplicity of functions and tasks assigned to public financial management and the broad objectives it seeks to achieve, it is necessary to adopt an appropriate type of audit for each function and task performed. This implies combining the available types of auditing as a practical response to the diverse aspects of this administration (ADAR, N.D.:11). According to the International Organization of Supreme Audit Institutions (INTOSAI), the main types of auditing are: Performance Audit, Compliance Audit and Financial Audit Each type provides assurance regarding specific aspects (GUID/5250, 2019:6-7), as explained below:

3.1 Performance Audit

Performance auditing has become one of the most prominent topics in recent years at both regional and international levels. Many countries and their oversight bodies have devoted significant attention to this type of auditing due to the information and results it provides, which contribute effectively to supporting judgments related to performance and evaluating deviations (Padia & Vuuren, 2012:2). Performance auditing is diverse in nature and methodology and involves multiple interpretations and judgments. Its scope is not limited to a specific topic but extends to cover a wide range of subjects such as developmental and environmental issues (Gheorghiu, 2012:420). To ensure objectivity in its procedures, performance auditing requires reliable and measurable criteria or indicators that can be used to determine the ability of entities to manage their activities, utilize their resources, and achieve their objectives (Louwers et al., 2018:735).

Performance auditing is considered one of the broadest and most comprehensive types of auditing because it covers multiple aspects, including financial and administrative dimensions. Given the diversity of public financial management aspects and the wide range of functions it performs, performance auditing can serve as an appropriate tool for auditing the tasks of this administration and identifying the causes of deviations, thereby supporting financial accountability practices and corrective measures with the necessary information. To enhance the reliability of performance auditing processes and results, it must be supported by objective inputs based on solid foundations. This is precisely what the PEFA framework provides through its pillars, indicators, and dimensions that cover the scope of activities carried out by public financial management. Through this framework, a high degree of objectivity can be achieved in evaluation results, which can then serve as inputs and guidance for conducting performance audits.

3.2 Compliance Audit

Compliance auditing consists of processes aimed at providing assurance regarding the extent to which audited entities—particularly governmental ones—adhere to legal requirements and principles of discipline when performing their duties. Its procedures are designed to examine implemented activities, operations, and transactions, as well as disclosed information, in order to verify their compliance with legislation and the principles governing sound financial management. The purpose is to identify violations, determine their causes, and facilitate the adoption of measures capable of deterring them or reducing their impact (INTOSAI, 2022:14–15). This contributes to correcting the course of operations and providing feedback to administrative authorities responsible for establishing and legislating laws and policies (ISSAI-400, 2019:28).

It is evident that compliance auditing focuses on a central element represented by adherence to applicable laws and regulations. Since sound public financial management and positive financial outcomes are governed by fiscal discipline—which requires compliance with previously established rules, instructions, and timelines—compliance auditing of this administration constitutes an appropriate tool to enhance discipline and financial accountability by identifying legislative violations, their causes, and ways to prevent them.

3.3 Financial Audit

Financial auditing emerged to assist owners of economic entities in verifying the integrity of financial transactions and the extent to which they comply with their requirements. With economic development and the spread of globalization, financial auditing evolved into an independent third-party mechanism that acts as an assurance link between the management of economic entities and their owners by providing assurances regarding the financial position and operating results of the audited entity (ICPAR, 2020:14). Specifically, financial auditing refers to the objective examination and verification of financial statements, records, and accounting books of an economic entity in order to confirm that they are free from material errors and misstatements and that they comply with the applicable financial framework (B.A., 2023:15). Within government entities owned by the state, the scope of financial auditing extends beyond financial statements to include auditing government contracts, grants or aid received and provided, as well as international financial transactions (Arens et al., 2012:819).

Based on the above explanation of financial auditing, it becomes clear that the procedures of this type of external audit can be employed in examining the functions of public financial management, particularly those related to the results of the implementation of the state budget, the accuracy and completeness of maintained records and financial statements, and the imposed internal control systems. This can be guided by the pillars, indicators, and dimensions included in the PEFA framework and the results obtained from its implementation.

In the context of external auditing types, each type has its own stages and procedures that may be similar or different. Generally, they share the main phases of an audit engagement—planning, implementation, reporting, and follow-up—while differing in detailed procedures, reference standards, and required inputs. From this perspective, and in line with the broad scope of auditing public financial management, it is beneficial to employ a combination of external audit types simultaneously in order to cover both financial and non-financial aspects of the audited administration and produce diverse outputs and assurances that support comprehensive accountability and integrated reforms.

4. Conclusions

A. The Public Financial Management Assessment Framework issued by the Public Expenditure and Financial Accountability (PEFA) Secretariat is a dynamic document that can be adapted to the local context of any country.

B. The use of a combination of audit types enhances the scope, quality, and outcomes of audit activities in a way that corrects the financial course and strengthens financial accountability practices.

5. Recommendations

A. The Public Financial Management Assessment Framework should be adopted after adapting it to the local context and continuously updated in line with existing financial conditions, with consistent implementation.

B. Efforts should be made to develop documented methodologies explaining the mechanisms for applying two or more types of external auditing within a specific audit engagement.

Public Financial Management Audit Using the Public Expenditure and Financial Accountability (PEFA) Framework - SAI Iraq

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Al-Battat Karrar Talib Oudah

Republic of Iraq

Chief of Staff Audit

Federal Board of Supreme Audit

Abstract: Public financial management requires robust accountability. As the supreme audit institution, the federal board of supreme audit (FBSA) employs financial, compliance, and performance audits. However, fragmented application limits their impact. This paper examines these tools, identifies their deficiencies, and proposes an integrated framework as a solution. Using qualitative analysis, its novelty lies in a synergistic integration model transforming isolated checks into cohesive oversight. Findings show isolated use creates gaps and a reactive culture. A holistic approach, where findings inform integrated reporting, is needed for a complete picture of public financial health.

Keywords: Supreme Audit Institution, Public Accountability, Financial Audit, Performance Audit, Audit Integration.

1. Introduction:

In the architecture of modern democratic governance, the principle of accountability serves as the cornerstone of public trust. It is the mechanism through which governments justify their stewardship of public resources and the exercise of authority. At the apex of the public financial control system in many nations stands the federal board of supreme audit (FBSA), an independent body constitutionally mandated to oversee the collection and expenditure of public funds [1]. The FBSA's primary mission is to establish accountability, not through policy formulation, but through rigorous, independent scrutiny. To fulfil this mission, it wields a defined set of professional tools, primarily categorized as financial audits, compliance audits, and performance (or value-for-money) audits [2].

The importance of these tools cannot be overstated. Financial audits provide the foundational assurance that a government's financial statements present a true and fair view of its financial position, forming the bedrock of fiscal transparency. Compliance audits act as a sentinel, ensuring that financial transactions and administrative actions adhere to the laws, regulations, and parliamentary intent, thereby upholding the rule of law [3]. Performance audits go a step further, examining the economy, efficiency, and effectiveness of government programs, ensuring that public money is not only spent correctly but wisely, delivering tangible value to citizens [4]. Collectively, these tools are the instruments through which the FBSA translates its constitutional mandate into actionable oversight, providing Parliament, the public, and the government itself with critical information for decision-making, corrective action, and fostering a culture of continuous improvement. They are the lens through which the opaque processes of public finance are brought into focus, enabling an informed dialogue about governmental performance and probity.

2. Weaknesses of individual tools and the imperative of integration:

While the FBSA's suite of audit tools is comprehensive in theory, their practical application often reveals significant weaknesses when each is employed in isolation. A fragmented approach creates gaps in oversight, reduces overall effectiveness, and can lead to a reactive, rather than preventative, accountability system. Understanding these individual limitations is the first step towards designing a more robust, integrated framework [5].

2.1. Financial Audit: Weaknesses and Limitations

The financial audit, often considered the cornerstone of public sector auditing, focuses on determining whether the financial statements of an entity are prepared in accordance with the applicable financial reporting framework. Its primary product is an audit opinion on the truth and fairness of these statements. However, its weaknesses are substantial.

A primary limitation lies in its narrow scope and historical focus. The financial audit is inherently backward-looking, certifying the accuracy of past transactions but offering limited insight into the future sustainability of public finances or the operational reality behind the numbers. A set of accounts can be perfectly accurate while masking a profoundly inefficient or ineffective program. For instance, an agency might accurately report spending its entire budget on a training program, resulting in a clean financial audit, yet the audit would not reveal if the training was irrelevant, poorly delivered, or had no impact on job placement rates.

Furthermore, financial audits have limited capacity for detecting underlying issues. While they can detect material misstatements due to fraud or error, they are not primarily designed to uncover systemic weaknesses in internal controls, deep-seated corruption, or issues of waste and mismanagement, unless these have a direct and material impact on the financial statements. This creates a significant blind spot in the oversight process, as the root causes of fiscal problems may remain unexamined.

Finally, the profession's focus on materiality creates a kind of "tunnel vision." Auditors naturally concentrate on items considered material to the financial statements, which can lead to the systematic neglect of smaller, recurring issues. While individually immaterial, such issues can cumulatively represent significant waste or a pattern of non-compliance that, left unchecked, may erode public funds and undermine confidence in the institution over time.

2.2. Compliance Audit: Weaknesses and Limitations:

Compliance audits assess whether activities, financial transactions, and information comply, in all material respects, with the authorities that govern the audited entity. These authorities include laws, regulations, budget laws, and internal rules. Its weaknesses are distinct and multifaceted.

First, a strict focus on compliance can lead to a "tick-box" mentality characterized by rule-bound rigidity. In such an environment, auditors may flag technical violations of rules without assessing their actual impact or the context in which they occurred. This approach can create a significant bureaucratic burden where managers become overly cautious and prioritize rule-following over achieving program objectives, ultimately stifling innovation and efficiency within government agencies.

Second, compliance audits are inherently designed to identify failures and transgressions, which can foster a reactive and punitive culture. An over-reliance on this tool often cultivates an atmosphere of fear and blame within government organizations, where the primary goal becomes avoiding audit findings rather than genuinely improving public services. This adversarial relationship can progressively erode trust between the auditor and the auditee, limiting the potential for collaborative improvement and constructive dialogue about enhancing governmental operations.

Third, and perhaps most fundamentally, compliance audits suffer from an inherent inability to judge "worth." While such an audit can definitively confirm that money was spent exactly as the budget law prescribed, it is completely powerless to judge whether that expenditure was sensible or achieved its intended purpose.

Consequently, an agency could meticulously comply with every rule and regulation while simultaneously delivering a program that is entirely useless to the citizens it is meant to serve, highlighting a critical gap in this audit approach.

2. 3. Performance Audit: Weaknesses and Limitations:

Performance audits, or value-for-money (VFM) audits, examine the economy, efficiency, and effectiveness of government programs and operations. While arguably the most insightful tool for improving governance, this audit modality is not without its significant challenges and inherent limitations.

Foremost among these is the issue of subjectivity and the accompanying methodological challenges. Assessing "effectiveness" is inherently more subjective than verifying a financial figure or a legal clause. Unlike a financial statement or a specific regulation, program outcomes are often multifaceted and influenced by numerous external factors. Defining appropriate performance criteria and accurately measuring outcomes, especially for complex social programs with long-term horizons, is fraught with difficulty. Consequently, audit findings can be contested on methodological grounds by the audited entity, potentially weakening their impact and perceived objectivity.

Furthermore, performance audits are characterized by their resource and time intensity. These engagements are complex and time-consuming, requiring a diverse team of experts that includes policy analysts, economists, and statisticians, not just accountants. This multidisciplinary requirement makes them expensive to conduct and inherently limits the number of such audits that an FBSA can undertake within a given fiscal period. As a result, large swathes of government activity may remain unexamined, leaving potential inefficiencies and ineffectiveness unchecked.

Finally, a performance audit can suffer from a weak link to financial and legal reality. An audit might conclude a program is ineffective without fully exploring whether its failure stems from underlying financial mismanagement or systematic non-compliance with its enabling legislation. The root cause of poor performance may, in fact, lie in areas that are the traditional domain of the other audit tools, such as inaccurate budgeting or procurement fraud. By operating in isolation, a performance audit risks presenting incomplete or even misleading conclusions, treating the symptoms of poor management without diagnosing its true cause.

3. Overcoming Weaknesses Through Strategic Integration:

The individual weaknesses of these tools are not insurmountable. They can be effectively mitigated by moving from a siloed approach to a strategic, integrated audit model. This integration transforms the tools from a collection of isolated checks into a cohesive and dynamic oversight system, where the whole becomes significantly greater than the sum of its parts. The integration can occur at several levels: planning, execution, and reporting.

The most critical point of integration occurs during the FBSA's strategic and annual audit planning. By consolidating information from all three audit domains, the FBSA can construct a multi-dimensional risk model that informs resource allocation and engagement selection. In practice, findings from past financial audits—such as the identification of weak internal controls within a specific department—can signal a higher risk for both compliance issues, such as an increased likelihood of rule-breaking, and poor performance, including the inefficient use of resources.

Similarly, a performance audit that highlights the failure of a healthcare program to meet its targets can trigger a targeted financial or compliance audit to investigate whether that failure is linked to deeper issues like the misallocation of funds or procurement irregularities. This risk-based approach ensures that audit resources are directed not merely toward areas with the largest financial footprints, but toward those where the risk to public value is most acute.

The execution phase benefits from a blended methodology. A performance audit must be built upon the foundation of financial and compliance assurance; reliable accounts and legal adherence are prerequisites for judging effectiveness. Conversely, performance insights enrich other audits. This creates a dynamic "feed-forward" loop. For high-risk areas, deploying mixed teams of financial, compliance, and performance auditors enables a holistic examination, simultaneously assessing an entity's finances, rule adherence, and operations for a nuanced understanding.

The most powerful aspect of integration lies in communicating and monitoring audit findings. By producing integrated reports that weave financial, compliance, and performance results into a coherent narrative, the FBSA enables Parliament and the public to conduct more informed oversight. This approach also strengthens recommendations, as findings from different audit types create mutually reinforcing corrective measures. Ultimately, the audited entity receives a coherent diagnosis rather than disjointed complaints, facilitating more effective organizational learning and sustainable improvement.

4. Conclusion:

The Federal Board of Supreme Audit is a vital pillar of democratic accountability, equipped with financial, compliance, and performance audits. Each tool has limitations: financial audits lack operational insight, compliance audits can foster rigidity, and performance audits are complex and resource-intensive. Deployed in isolation, they create fragmented oversight.

Strategic integration overcomes these weaknesses. By merging information during planning, blending methodologies in execution, and synthesizing findings in comprehensive reports, the FBSA creates a holistic diagnostic process. This approach links financial integrity, legal compliance, and operational performance, providing the coherent intelligence needed to build a more effective and accountable public sector.

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*****END*****

Zamzagul Zhanybayeva

Head of the Department for Research and Foresight
Centre for Analytical Research and Evaluation
Supreme Audit Chamber of the Republic of Kazakhstan

Introduction

Today, many supreme audit institutions are faced with the fact that the traditional “object-oriented” approach – auditing individual organizations, programs, and projects – no longer reflects the actual architecture of public resource management. Sovereign and extra-budgetary funds, central banks, financial regulators, and state-owned enterprises form an interconnected system where risks, decisions, and responsibilities are distributed among different institutions.

The article proposes the possibility of applying a systematic approach to conducting state audits, taking into account ISSAI standards and international experience (EU, Canada, Norway). Based on an examination of the practices of Kazakhstan and the Supreme Audit Chamber of the Republic of Kazakhstan (hereinafter referred to as the SAC), some “blind spots” in the current powers (audit of the National Bank, contracts in the raw materials sectors, extrabudgetary funds) are examined, and a roadmap for reforms is proposed, including expansion of the mandate, access to information while maintaining confidentiality, a methodology for systematic audit planning, and expansion of competencies.

The purpose of this article is to offer a practical vision of how supreme audit institutions (hereinafter referred to as SAIs) can transition from auditing individual entities to assessing the integrity of the entire national resource management system.

1. Why SAI needs a systematic approach

Public finances are managed not only through budgets and ministries, but also through various extra-budgetary funds, state-owned banks, regulators, state-owned companies, and complex contractual relationships. Thus, the management of public resources resembles a network consisting of institutions and mandates.

The traditional approach to auditing facilities in these conditions is fragmented; it does not see the whole system; it poorly identifies risks at the intersection of powers; it does not answer the question of the sustainability of the resource management architecture.

The **systemic approach** considers entire **management systems** (e.g., management of oil revenues, financial stability, extrabudgetary funds), rather than individual institutions; it analyzes the **distribution of roles and accountability**, information flows, and decision-making, assessing **systemic risks** and policy coherence.

Thus, the systemic approach in public audit can be described by three key ideas:

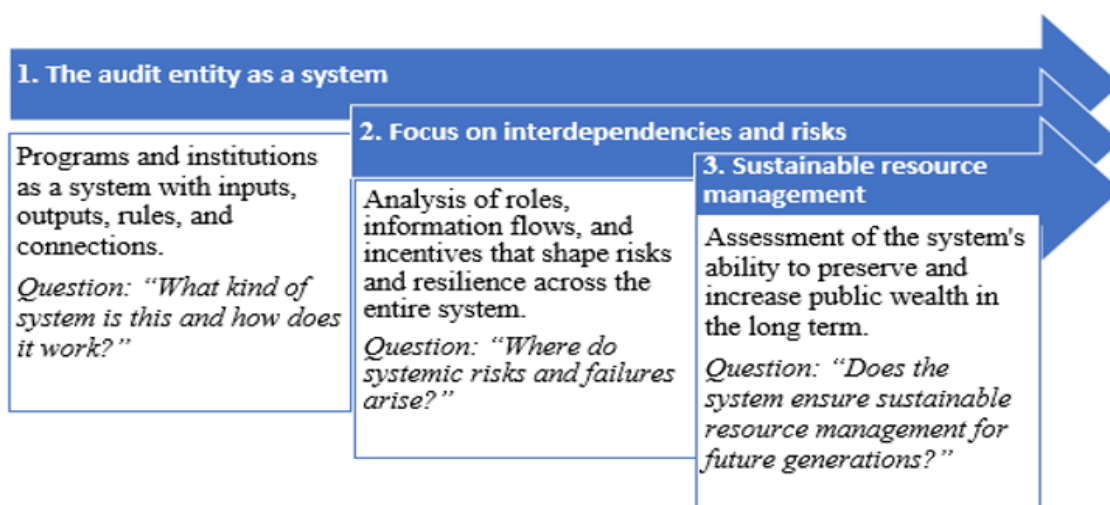


Figure 1 – Systemic approach: the path from object to sustainability

This is fully consistent with the recommendations of ISSAI 100 and ISSAI 300, according to which SAIs should ensure accountability, transparency, and sustainability of public resources by assessing not only the legality of operations but also their effectiveness and management architecture [1].

A Systemic Approach to State Audit: Analyzing Interrelationships for Sustainable Resource Management - SAI Kazakhstan

2. International practice in applying a systemic approach

The experience of a number of SAIs demonstrates how a systemic approach is already being applied in practice.

The European Court of Accounts is shifting its focus from individual programs to auditing major EU policies and instruments (Recovery and Resilience Facility, climate and digital policy, agriculture, tax policy) [2]. The logic of instruments, consistency, and risk management are analyzed.

The Office of the Auditor General of Canada assesses not only the costs of anti-crisis measures (Canada Emergency Wage Subsidy), but also their design, targeting, risks of abuse, and impact on the sustainability of companies, comparing its findings with World Bank studies [3,4].

In resource-dependent economies, SAIs broaden their control over the entire value chain in the extractive sector: licensing, contract terms, revenue collection, and fund management [5]. “The literature on the ‘resource curse’ emphasizes the importance of accountability institutions such as state auditors...” for monitoring contract enforcement and resource management [6]. This is in line with World Bank recommendations and the goals of reducing the “resource curse.”

At the same time, **central banks retain their independence**: SAIs do not assess decisions on base rates or directly interfere with the powers of central banks, but analyze the implementation of programs with significant fiscal implications (interventions, guarantees, liquidity support programs) [7-9].

Thus, the systemic approach allows SAIs to move from controlling individual expenditures to assessing **the integrity of public policies and the financial system as a whole**.

3. Kazakhstan: Blind spots in systemic auditing

Kazakhstan illustrates the typical challenges faced by SAIs operating in resource-dependent economies with rapidly developing financial systems.

Financial sector and central bank. The Law on State Audit and Financial Control (hereinafter referred to as the Law) (Article 12) excludes the National Bank of the Republic of Kazakhstan (NBRK) and the financial regulator from the list of entities subject to regular audits [10]. Audits of the use of NBRK assets and trust management of pension assets are only possible on the instructions of the President (Article 12 of the Law) [11]; banking secrecy significantly restricts access to information [12]. As a result, the SAC cannot regularly and systematically assess the relationship between fiscal and monetary policy, as well as the risks to public finances.

Oil, gas, and mineral resource contracts. Despite the high share of revenues from subsoil use, there is no consistent practice of auditing key contracts and the entire chain of “licenses – contracts – revenues – fund – budget.” This is inconsistent with the recommendations of ISSAI and the World Bank on the need for external control at all stages of the value chain.

Extrabudgetary funds. The Supreme Audit Chamber has already begun auditing individual extrabudgetary funds and is expanding their list. However, a unified system and methodology for auditing extrabudgetary funds has not yet been developed, and there is no integrated picture of the entire architecture of public finances.

4. The National Fund of Kazakhstan and the Norwegian Government Pension Fund Global (GPFG)

The National Fund of Kazakhstan is a key element of the public finance system, comparable in role to the Norwegian Government Pension Fund Global (GPFG), which is often regarded as a benchmark for the management of large resource funds. However, in Kazakhstan, many aspects of asset management (operational and IT risks, the full chain of “contracts – revenues – fund”) are not yet accessible to external audit.

The Norwegian model offers practical guidelines:

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Table 1. Comparison of the management models of the National Fund of Kazakhstan and the Norwegian GPFG

Aspect	National Fund of the Republic of Kazakhstan	Norwegian Fund (Government Pension Fund Global, GPFG)	Possible guidelines/adaptation for SAC
Functions and role	The savings function is to accumulate assets and ensure their long-term profitability; the stabilization function is a tool for maintaining the liquidity of the National Fund's assets and the stability of the republican budget [13].	A savings fund based on oil and gas revenues; supports the long-term sustainability of public finances and welfare.	In the course of implementing the stabilization function of the National Fund, it is advisable to ensure maximum transparency of transfers from the fund to the budget, with the possibility of tracking their targeted use in priority areas and assessing the socio-economic effect achieved.
Policy formation and management	The President of the Republic of Kazakhstan makes key decisions on the use of the National Fund, approves reports and the monitoring commission; The Government of the Republic of Kazakhstan organises management and auditing, concludes a trust management agreement with the National Bank of the Republic of Kazakhstan (NBK); The NBK carries out trust management; The National Fund Management Council of the Republic of Kazakhstan (NFMC) makes proposals on the placement and use of assets and considers issues related to the use of the National Fund's funds; The Monitoring Commission monitors the targeted, lawful, and effective use of funds allocated from the National Fund; The Ministry of Finance sets targets for the use of the National Fund and calculates the	The Parliament (Storting) sets the legal framework; the Ministry of Finance determines the objectives and strategy; Norges Bank (NBIM) manages the assets under mandate; the NB Supervisory Board is accountable to the Storting; an external auditor and the SAI (Riksrevisjonen) conduct independent audits [15-17].	Create and maintain a "system map" for managing the National Fund (the role of Parliament, Government, Ministry of Finance, NBRK, SAC, etc.) and use it as a basis for audit planning.

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	amount of the guaranteed transfer, jointly approves the list of oil sector organizations [13].		
Operational, IT, and cyber risk management, outsourcing	Operational, IT, and cyber risks, as well as outsourcing risks, are critical in the context of digitalization and participation in global markets. 2030 Concept emphasizes the need to improve risk management and data quality throughout the public finance system, including the National Fund [14].	Strong focus on managing market, operational, IT, and cyber risks, as well as outsourcing risks; incidents are analyzed in detail, leading to adjustments in internal control systems and external audits [15–17].	Include IT, cyber, and operational risk assessments in the National Fund's ongoing audit agenda; rely on specialized IT/cyber audits and stress tests.
External assessments and international expertise	International and independent assessments of the management of the National Fund, IT and operational risks, and compliance with international standards are possible. Monitoring by the SAC. The 2030 Concept involves the active use of best practices and external expertise.	The Supervisory Board regularly engages external expertise (risk management, IT and cybersecurity, outsourcing, crisis management assessments) and uses it to supervise Norges Bank and manage the GPF. The SAI (Riksrevisjonen) conducts external audits.	Regularly engage external reviews (international financial institutions, independent audit firms, international ratings and assessments) as sources of evidence and a basis for developing SAC methodologies.
Transparency and public accountability	The 2030 Concept sets a course for increasing transparency and accountability in the management of public finances, including the National Fund. There is significant potential for expanding and standardizing public reporting (strategy, risks, incidents, response measures).	High public transparency: detailed annual reports from the Ministry of Finance [15], Norges Bank/NBIM [16], the Supervisory Board, and Riksrevisjonen on strategy, risks, incidents, and management results [17].	Promote the development of standard, comparable public reporting on the National Fund (goals, strategy, risk profile, incidents, and responses to them) and use it as a key input for auditing.

A Systemic Approach to State Audit: Analyzing Interrelationships for Sustainable Resource Management - SAI Kazakhstan

Systematic approach to auditing	The National Fund is a central instrument of stabilization and savings	The GPFG is integrated into a comprehensive architecture for managing	Develop a systematic audit of the National Fund: from describing the entire chain of “resource contracts –
	policy. 2030Concept opens a window of opportunity for introducing a systematic approach to its audit: from mapping the system and interdepartmental roles to assessing the sustainability of risk management and accountability mechanisms.	oil and gas revenues and fiscal policy; auditing and oversight focus on assessing the entire system of roles, risks, and accountability, rather than merely reviewing individual transactions.	revenues – fund – budget” to assessing the consistency of powers, the quality of risk management, and the effectiveness of accountability.

Note – compiled based on sources [13-17]

5. A systematic approach as a roadmap for SAI development

Based on the Kazakhstani example, a more general roadmap can be proposed for SAIs wishing to implement a systematic approach.

First, gradually expand the mandate to key elements of the system – the central bank (in terms of programs with fiscal implications), sovereign and extrabudgetary funds, and contracts in the raw materials sectors – while simultaneously implementing ISSAI standards into national law as the basis for systemic audit.

In methodological terms, it is important to map resource management systems and use such maps as a basis for risk-oriented and systematic planning, as well as to develop uniform approaches to auditing extrabudgetary and sovereign funds, linked to the overall architecture of public finances.

Finally, investment is needed in skills and organizational development to foster systems thinking, develop data analytics and understanding of IT and cyber risks, create multidisciplinary teams, and actively use INTOSAI platforms to share experiences and conduct external assessments.

Conclusion

A systematic approach allows SAIs to move from auditing “islands” to assessing the integrity of the national resource management architecture. The example of Kazakhstan illustrates the typical challenges faced by SAIs in resource-dependent economies:

A key prerequisite is the expansion of the SAI’s mandate to include programs with fiscal implications, including audits of the National Bank, extrabudgetary funds, and strategic contracts in the raw materials sectors. The experience of European SAIs shows that such an expansion of the mandate does not lead to a violation of the independence of central banks, but ensures public control over fiscal risks.

The second critical condition is the establishment of clear procedures allowing SAIs to access the necessary information without violating confidentiality, with a parallel distinction between internal (confidential) and public parts of audit conclusions. The Norwegian model demonstrates that full transparency in the management of public resources is compatible with compliance with the law on secrecy and business confidentiality.

The implementation of a systematic approach requires investment in the organizational development of SAIs. It is necessary to foster systematic thinking among management and auditors, including an understanding of complex interactions in public administration; develop competencies in big data analytics; specialized training in cyber risks, IT security, and digital transformation management; creation of interdisciplinary teams; active participation in international networks (INTOSAI, ASOSAI, EUROSAI) to exchange experience and conduct external evaluations.

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Applying a systemic approach can contribute to more efficient use of natural resources, reduced corruption, and strengthened financial stability in these countries.

INTOSAI has already established a conceptual framework for such an approach through ISSAI 100 and ISSAI 300. The next step is to adapt the systems approach in national contexts by moving from auditing individual programs to auditing management systems – sovereign wealth funds, financial stability, resource revenues, and their impact on sustainable development. This requires rethinking the role of SAs not as controllers of operations, but as strategic partners of the state in ensuring the long-term sustainability of the management of national wealth and the well-being of future generations.

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Dalal Abdullah AlWuhaib

Senior Auditor

Pre-Audit and Technical Support Sector

State Audit Bureau of Kuwait

Abstract

Government audit institutions around the world are at a genuine turning point. The rise of artificial intelligence is forcing these agencies to ask a question they have never had to ask before: how do you audit a government that is itself being run by algorithms? This paper examines that question from the ground up. Drawing exclusively on published reports and verified institutional sources, it looks at where AI adoption in public sector auditing actually stands today, what the real obstacles are, and why getting this right matters far beyond the accounting world. The paper argues that while AI carries undeniable potential for stronger oversight and broader audit coverage, the gap between enthusiasm and execution remains wide - and narrowing that gap will require more than new software.

Keywords: artificial intelligence, government auditing, public accountability, Supreme Audit Institutions, algorithmic governance, audit technology

1. Introduction

Auditing government spending has never been a glamorous job, but it is one of the more important ones in any functioning democracy. When done well, it keeps public money accountable, surfaces waste and fraud, and gives legislators the information they need to do their jobs. For most of the past century, the basic method has stayed the same: auditors review records, test samples, interview officials, and write reports. That model worked reasonably well when governments were smaller and simpler.

Today, governments process millions of transactions every day across sprawling digital systems. Benefits are disbursed automatically. Procurement happens online. Revenue is collected through algorithms. The sheer volume and speed of modern public administration has outrun the capacity of traditional audit methods. You simply cannot review a meaningful sample of 50 million transactions by hand.

This is where artificial intelligence enters the picture. AI tools — particularly those built around machine learning — can process enormous datasets, flag anomalies, and identify patterns that no human auditor could detect in a reasonable timeframe. The promise is real. But so are the complications, and the audit institutions that have moved furthest in this space have found that the technology is only a fraction of the challenge.

This paper examines the current state of AI in government auditing, grounded in what institutions have actually reported doing and finding. It does not speculate about hypothetical capabilities. Every claim here traces back to a documented, publicly available source.

2. Where Things Actually Stand

2.1 A Slow and Uneven Start

The honest answer is that most government audit institutions are still in the early stages. The UK's National Audit Office (NAO) published a major review of AI use across UK government departments in March 2024 and found that while 70% of government bodies surveyed were piloting or planning AI use cases, actual deployment remained limited (National Audit Office, 2024). The report was candid about the gap between ambition and reality, noting that less than a quarter of government bodies had a formal AI strategy in place.

That finding is not unique to the UK. The United Nations Department of Economic and Social Affairs noted in early 2025 that Supreme Audit Institutions — the independent bodies that oversee public spending in most countries — are still largely dependent on the budgets allocated by the very governments they oversee, which creates a structural barrier to rapid technology investment (United Nations DESA, 2025). The cost of implementation and the need for specialized talent are consistently cited as the two biggest obstacles.

2.2 The GAO's Approach in the United States

The U.S. Government Accountability Office has been among the more methodical institutions in thinking through how AI fits into public sector accountability. In June 2021, the GAO published an AI Accountability Framework organized around four principles: governance, data, performance, and monitoring (GAO, 2021). Rather than deploying AI systems first and figuring out the rules later, the GAO's approach was to establish the accountability structures that should govern any AI system before those systems are built.

By early 2024, the GAO had begun deploying a large language model internally — primarily to help synthesize past reports, assist with editorial reviews, and scan congressional documents (GAO, 2024). The institution was transparent about the fact that developing these internal tools was also a way of gaining firsthand knowledge about AI's limitations, knowledge that would help the GAO evaluate other agencies' use of AI more effectively.

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This approach — learning by doing, but doing it carefully — reflects a broader philosophy that appears throughout GAO's published work: accountability cannot be an afterthought. A December 2023 GAO report reviewing AI implementation at major federal agencies made 35 recommendations to 19 separate agencies, finding that most had not fully implemented required AI governance practices (GAO, 2023).

2.3 The European Dimension

In May 2024, the European Court of Auditors published a special report assessing the European Commission's contribution to the EU's AI ecosystem. The findings were mixed. The Court found that the Commission's coordination measures were not effectively implemented, EU AI investment was not keeping pace with global competitors, and the infrastructure support meant to help smaller businesses adopt AI had not yet produced meaningful results (European Court of Auditors, 2024).

The EU's approach to AI governance more broadly — anchored in the AI Act, which came into force in 2023—sets a precedent that audit institutions in member states will increasingly have to engage with. The Act follows a risk-based framework: higher-risk AI applications face stricter requirements around transparency, testing, and human oversight. For government auditors, this matters both because they use AI tools themselves and because they will increasingly be asked to audit whether the agencies they oversee are complying with these requirements.

3. What AI Can Genuinely Do for Government Auditing

3.1 The Population Problem

The most practical advantage AI offers auditors is scale. Traditional audit methodology relies on sampling — you cannot check every transaction, so you select a representative subset and extrapolate. This works reasonably well for detecting systematic problems, but it means that individual irregularities outside the sample go undetected. A fraudulent contract that does not happen to land in the sample is invisible.

Machine learning models can be trained to scan entire transaction populations. They do not replace the auditor's judgment about what matters, but they can narrow the field from millions of records to a few thousand flagged items worth a closer look. This is not a hypothetical benefit — it is the basic operating logic behind fraud detection systems that have been in use in financial services for decades and are now being adapted for public sector contexts.

3.2 Continuous Monitoring vs. Periodic Review

Traditional government auditing is inherently retrospective. An institution gets audited, problems are found, a report is issued, recommendations are made, and the agency has a year or two to respond. By the time corrective action happens, the original problem may have been running for years.

AI-enabled continuous monitoring changes that timeline. Systems can flag anomalies in near real-time — an unusual spike in procurement approvals, a pattern of payments that do not match contracts, a string of identical amounts just below approval thresholds. This does not eliminate the need for a formal audit, but it can trigger earlier attention to problems that would otherwise fester.

3.3 Processing Unstructured Information

Much of what auditors need to review is not neatly formatted data. It is emails, contracts, meeting minutes, inspection reports, and policy documents. Natural language processing tools — a branch of AI that allows computers to read and analyze text — can help auditors work through large volumes of unstructured information more efficiently. The GAO has used these tools to help synthesize findings across previous reports, which is a practical example of the technology adding value without replacing human judgment (GAO, 2024).

4. The Obstacles Are Real

4.1 The Skills Gap Is Not Small

The NAO's 2024 review of AI in the UK government found a consistent pattern: enthusiasm for AI adoption running well ahead of the workforce capacity to implement it responsibly (National Audit Office, 2024). The report recommended upskilling AI capabilities across all government departments as a priority. The Parliament's Public Accounts Committee echoed this, noting that the government had already been warned about digital skills shortages in a 2023 report and that staffing cuts were making the problem worse, not better.

For audit institutions specifically, this is a structural issue. Auditors are trained in accounting, law, and professional scepticism. They are not generally trained in data science, statistical modelling, or software engineering. Building the kind of multidisciplinary teams that effective AI deployment requires is not something that happens quickly. It means either training existing staff in technical skills that are genuinely hard to acquire, or recruiting specialists who typically have more lucrative options outside government.

4.2 Data Quality Is a Prerequisite, Not a Given

Machine learning only works as well as the data it runs on. Garbage in, garbage out – the cliché exists because it is accurate. Government data, in most countries, is fragmented across legacy systems that were built at different times, to different standards, with no particular thought given to interoperability. The NAO has consistently flagged poor data infrastructure as one of the central barriers to effective AI deployment across the UK government (National Audit Office, 2024).

This is not a problem that AI can solve. It requires investment in underlying data systems, clear standards for data collection and storage, and governance frameworks that ensure quality is maintained over time. These are expensive, unglamorous, long-term projects. They are also essential.

4.3 Transparency and the Black Box Problem

A government auditor's findings have to be defensible. When an audit report concludes that an agency mismanaged funds, that conclusion has to rest on evidence that can be explained, challenged, and tested. This is where some AI approaches run into serious trouble.

Many of the most powerful machine learning models – particularly deep neural networks – work in ways that are not easily explainable even to their designers. The model flags a transaction as suspicious, but articulating precisely why in terms that would hold up in a hearing or a court is a genuine challenge. For government auditing, where public accountability is the entire point, deploying AI tools that cannot explain their own outputs is a significant problem.

This is why the EU's AI Act, with its emphasis on transparency and explainability requirements for high-risk AI applications, is directly relevant to the audit world. It is also why institutions like the GAO have been careful to frame AI as a tool that assists human judgment rather than replaces it.

4.4 Auditing AI Systems Is Its Own Challenge

Here is the wrinkle that does not get enough attention: government agencies are deploying AI to make consequential decisions about people – who gets benefits, who gets flagged for tax review, who qualifies for housing assistance. Those systems need to be audited. But auditing an AI system requires a fundamentally different skill set than auditing a procurement process.

The European Court of Auditors' 2024 special report on the EU's AI strategy found that governance frameworks were incomplete, implementation was behind schedule, and there was a lack of effective coordination between national and EU-level oversight (European Court of Auditors, 2024). The institutional infrastructure for auditing AI systems is still being built, at the same time those systems are already making decisions.

The INTOSAI community – the international network of Supreme Audit Institutions – has recognized this dual challenge explicitly. The Moscow Declaration, endorsed at INTOSAI's most recent international congress, called on audit institutions to equip their auditors with data analytics and AI capabilities while also developing the capacity to audit AI systems used by government agencies (INTOSAI Journal, 2021). Calling for something and actually achieving it are, of course, different things.

5. What Responsible Adoption Looks Like

Based on what institutions that have moved carefully in this space have learned, a few principles seem to matter consistently.

The first is that governance has to come before deployment. The GAO's AI Accountability Framework was built on the premise that you cannot responsibly adopt AI without first establishing who is accountable for the system, how its performance will be measured, and what happens when it goes wrong (GAO, 2021). Institutions that skip this step tend to end up with AI tools that produce outputs nobody fully trusts and no clear process for addressing problems.

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The second is that data infrastructure investment is not optional. AI tools built on fragmented, low-quality data will not deliver reliable results. Institutions that have invested seriously in data governance — cleaning up legacy systems, standardizing formats, establishing quality controls — are consistently better positioned to use AI effectively.

The third is that transparency has to be a non-negotiable design requirement, not an add-on. For government audit work, being able to explain how a finding was reached is fundamental to the institution's credibility. This points toward AI tools that are designed with explain ability in mind from the start, even if that means accepting some loss of predictive power.

6. Conclusion

AI is not going to solve government auditing's fundamental challenges, but it can meaningfully change what is possible. The ability to analyze complete datasets rather than samples, to flag anomalies in real time rather than after the fact, and to process vast amounts of unstructured information changes the scale at which oversight can operate. That matters.

But the institutions that have moved most thoughtfully in this space — the GAO, the NAO, the European Court of Auditors — have all been clear-eyed about the limits. The technology is only as good as the data beneath it. It has to be explainable to be usable in accountability contexts. The people deploying it have to actually understand it. And as governments deploy AI to run public services, audit institutions face the added challenge of developing the capacity to audit those systems too, at the same time they are learning to use AI themselves.

None of this is impossible. But it requires treating AI adoption as a serious institutional undertaking — not a technology project that can be handed off to an IT department, but a transformation that touches governance, workforce, data management, and professional standards all at once. The institutions that understand that are the ones making real progress.

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Rawan Hadi Alhajri
Associate auditor
State Audit of Bureau of Kuwait

Introduction

Accountability in the public sector is essential for how well a democracy works and how wisely public money is handled. Governments are trusted with power and public resources to deliver services, implement policies and support national development. Because of this responsibility, having strong oversight systems to make sure they're accountable is key to ensure that public funds are used legally, efficiently, and in alignment with intended policy outcomes.

Supreme Audit Institutions (SAIs) play a central role in ensuring this accountability is maintained. According to the principles established by the International Organization of Supreme Audit Institutions (INTOSAI), public sector auditing must be independent, objective, and transparent (INTOSAI, 2019). The Fundamental Principles of Public-Sector Auditing (ISSAI 100) state that auditing should not only check compliance but also help improve public sector performance.

However, the way governments work is more complex than before. Public institutions manage digital service platforms, cybersecurity systems, large procurement processes, and even climate-related investments. These areas are connected and often involve financial, operational, and technological risks at the same time. For this reason, traditional audits that focus only on financial statements are no longer enough, a more comprehensive and integrated approach to auditing is now necessary.

Accountability in Modern Public Governance

Public accountability may be conceptualized through three main aspects:

- **Financial accountability:** ensures that public funds are collected and spent in accordance with legal authorization and approved budgets (INTOSAI, 2019).
- **Compliance accountability:** ensures institutions follow laws, regulations, and official procedures, in line with ISSAI 400 principles.
- **Performance accountability:** evaluates whether public programs achieve intended objectives efficiently and effectively, based on ISSAI 300 standards.

While traditional audits often assess these areas separately, in practice these areas are not isolated. Financial problems may result from weak internal controls, poor IT systems, or ineffective program design. At the same time, weak performance results may be linked to procurement problems or risk management failures. An integrated audit approach recognizes these connections and examines them together instead of separately.

The Concept and Strategic Value of Integrated Auditing

Integrated auditing combines multiple audit disciplines such as financial, compliance, performance, IT, and environmental auditing within a coordinated framework. Instead of conducting separate examinations, auditors apply a structured methodology that connects financial data, operational performance, risk management, and policy outcomes.



Figure 1: Components of Integrated Auditing

Strengthening Accountability in the Public Sector through Comprehensive and Integrated Auditing - SAI Kuwait

This approach offers several important advantages such as:

- **Holistic oversight:** Links financial inputs to measurable outputs and outcomes.
- **Risk identification:** Detects systemic vulnerabilities across financial, operational and technological domains.
- **Decision-making utility:** Offers decision-makers practical recommendations based on comprehensive analysis.
- **Institutional resilience:** Addresses weaknesses before they escalate into larger governance failures.

Integrated auditing therefore reflects an important shift in public sector oversight. Rather than serving solely as a retrospective control mechanism, auditing increasingly contributes to proactive governance assurance.

Regional and International Practices

- Digital Governance and IT Oversight

INTOSAI guidance highlights the importance of integrating IT audit within broader audit frameworks (INTOSAI, 2022). Reviews of digital governance systems in several Asian jurisdictions revealed that financial irregularities were often accompanied by cybersecurity vulnerabilities and weak data controls. By combining IT, compliance, and performance assessments, SAIs strengthened encryption standards, improved system monitoring, and enhanced service reliability. Accountability in the digital era thus extends beyond financial accuracy to include information security and technological resilience.

- Performance and Sustainability Auditing in Europe

The European Court of Auditors has increasingly emphasized outcome-oriented and sustainability-focused audits (European Court of Auditors, 2022). This illustrates how audit institutions are broadening their scope to assess public value, environmental impact, and strategic effectiveness and long-term sustainability of government actions rather than focusing only on financial compliance.

- Environmental Oversight in Infrastructure Projects

The Asian Development Bank highlights the importance of environmental audits in ensuring compliance with sustainability commitments in infrastructure projects (Asian Development Bank, 2020). Integrated environmental audits have strengthened oversight of contractors and improved environmental impact assessments, helping align public investments with climate and sustainable development objectives.

- Capacity Development within ASOSAI

Within the Asian region, the Asian Organization of Supreme Audit Institutions has promoted peer reviews, joint audits, regional workshops, and digital training programs to enhance integrated audit capacity (ASOSAI, 2023). These initiatives encourage knowledge sharing, methodological consistency, and institutional development among member SAIs.

- Public Procurement and Service Delivery Reform

Performance audits of healthcare procurement systems, supported by the World Bank, demonstrated how integrated approaches can reduce inefficiencies and improve service delivery (World Bank, 2021). Linking financial data to operational performance enabled cost reductions and improved service quality, illustrating the practical benefits of integrated auditing for citizens.

Innovative Methodologies Supporting Integration

Modern audit practices support integration through:

- **Risk-based audit planning:** Prioritizes areas with the highest exposure to fraud or inefficiency.
- **Data analytics and artificial intelligence:** Detects anomalies within large financial datasets.
- **Real-time auditing:** Provides continuous monitoring of transactions for immediate corrective action.
- **Blockchain technologies:** Ensures transparency and integrity of public financial records.
- **Sustainability auditing:** Evaluates alignment with climate commitments and development goals.
- **Participatory auditing:** Engages civil society to increase transparency.
- **Outcome-based auditing:** Focuses on program effectiveness and public value.

Collectively, these methodologies demonstrate that auditing is evolving into a forward-looking function that supports effective governance and long-term institutional stability.

Impact on Public Sector Accountability

Integrated auditing strengthens accountability by:

- Promoting transparency through multidimensional audit reporting.
- Enhancing public trust in institutions and governance processes.
- Supporting evidence-based policy reform and structural improvements.
- Acting as a deterrent against corruption and mismanagement.
- Identifying inefficiencies to improve the effective use of public resources.
- Enhancing resilience by addressing system risks proactively.

Thus, auditing should not be viewed solely as a technical exercise. It is a democratic safeguard that ensures governments remain answerable to citizens and responsive to the public interest.

Conclusion

The increasing complexity of public administration requires a corresponding evolution in auditing practices. Traditional financial oversight remains essential, but it is no longer sufficient on its own. Comprehensive and integrated auditing provides a structured framework capable of evaluating legality, efficiency, technological integrity, and environmental sustainability within a unified system.

For ASOSAI member SAIs, adopting integrated methodologies represents both a strategic necessity and a valuable opportunity. By aligning with INTOSAI standards and embracing innovation, SAIs can strengthen governance systems, enhance accountability, and sustain public confidence. Integrated auditing is therefore not merely a methodological development; it is a critical instrument for promoting democratic legitimacy and sustainable development.

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Simon Vassallo
Performance Audit Manager
National Audit Office of Malta

Introduction

Supreme Audit Institutions (SAIs), through their core audit work, play a critical role in promoting transparency, accountability, and improved governance within the public sector. While the more traditional approach to SAI audits focuses on individual entities and/or programmes, contemporary public policy increasingly transcends organisational boundaries, thereby becoming increasingly dependent on coordinated action across multiple ministries, agencies, and service providers. Government efforts in fields such as population ageing, healthcare delivery, climate change and social protection, all involve complex governance arrangements, requiring a whole-of-government approach and policy coherence, that cannot be fully understood through isolated audits.

In view of this, integrated and cross-cutting audits are gaining traction, and their impact is becoming better recognised. Such reviews are taking the evaluation of efficiency, effectiveness and economy to a whole new level, thereby enabling a deeper operationalisation of the fundamental principles of Performance Auditing as laid out in the International Standards of Supreme Audit Institutions (ISSAIs), particularly ISSAI 300 and ISSAI 3000.

However, auditing a single issue across multiple institutional boundaries is likely to present significant methodological challenges. Among others, responsibilities may be fragmented across entities, data systems may be incompatible, documentation retention protocols may diverge significantly from one entity to the next, and policy frameworks may lack clearly defined coordination mechanisms. Addressing these challenges requires careful audit planning, robust analytical frameworks, and extensive engagement with stakeholders.

As an insight to the above, this article explores the Performance Audit: Home-Based Medical and Clinical Services for the Elderly, published by the National Audit Office (NAO) of Malta in December 2025, as a case-study. While this audit was published as a national report, it was carried out as part of EUROSAI's Parallel Audit on State Preparedness for Population Aging (which is earmarked for publication in 2026).

Audit Objectives

This audit assessed the extent to which:

- the concept of home-based medical services for the elderly is a clear and independently recognized function within government's strategic objectives;
- these services are developed and whether there are any plans for the future;
- sufficient budgets are being allocated for these services; and
- sufficient human resources are being allocated for these services.

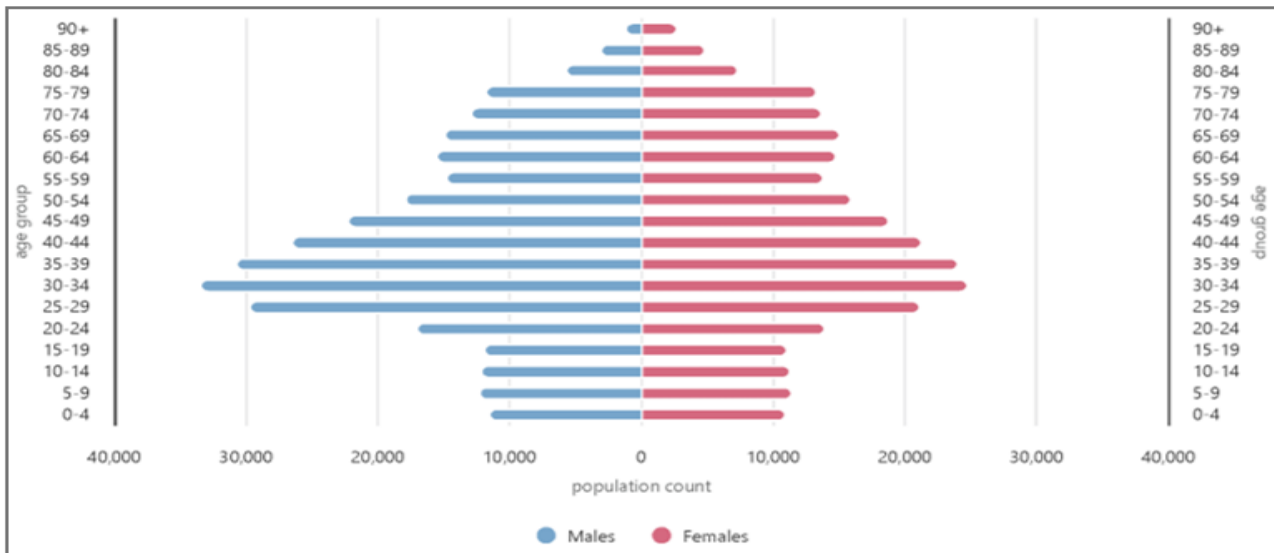
Context

Malta has been experiencing a clear demographic shift, moving decidedly towards an ageing population. The proportion of older persons within the population has steadily increased over the years, which reflects similar demographic trends observed across developed countries. Longer life expectancy, combined with declining fertility rates, has contributed to a gradual rise in the number of elderly persons within Maltese society.

This demographic shift is evident in Malta's population pyramid (Figure 1 refers). The base of the pyramid, representing younger age groups, has gradually narrowed due to declining birth rates, while the upper age cohorts have expanded. This transition results in material implications for public service provision, particularly those related to

Strengthening Public Sector Accountability through Integrated and Cross-cutting Audits: A Case-Study - SAI Malta

Figure 1: Malta's Population Pyramid as at end 2024



Source: National Statistics Office of Malta

Migration trends have partly mitigated the pace of demographic ageing in Malta. In recent years, inward migration has increased the number of working-age residents, thereby supporting the labour force segment of the Maltese population and somewhat balancing the latter's overall structure. Notwithstanding, the future inward and outward flow dynamics of this migration are still uncertain, and so are their impacts on the projected composition of the local population and any evolving needs thereof.

By the end of 2024, individuals aged 60 years and over accounted for approximately 23.7% of Malta's total population, with around 93% of these continuing to reside in their own homes rather than in institutional care settings. This pattern underscores the importance of policies and services that support "ageing in place" and which enable elderly persons to maintain independence within their communities for as long as possible.

Taken together, these demographic developments point to a sustained increase in demand for healthcare, long-term care, and community support services targeted at older persons. To this end, ensuring that adequate systems are in place to support elderly individuals living in the community (including the provision of home-based medical and clinical services), will therefore remain an important policy priority for the foreseeable future.

Mapping Stakeholders and Scoped Services

Malta provides a broad range of home-based medical and clinical services for persons aged 60 and over, delivered through several government entities operating under the remit of the Ministry for Health and Active Ageing.

A key role in this system is played by the Department of Active Ageing and Community Care (AACC), which offers a wide portfolio of community-based services primarily focused on non-acute care for older persons (Figure 2 refers). Access to most services requires an application accompanied by a medical report from a general practitioner or consultant. Following submission, the application is assessed by the relevant professional team before services are approved and initiated.

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Figure 2: Home-based medical and clinical services offered by AACC



Alongside AACC, several healthcare institutions deliver specialised home-based services where clinically appropriate. The Primary Health Care (PHC) system in Malta is responsible for delivering public primary care services nationwide, primarily through strategically located health centres, but also through a number of home-based services. It also provides cancer screening services, community clinics and telemedicine services.

A number of hospital-based institutions also provide home-based services when clinically required. Mater Dei Hospital (MDH), Malta's main public hospital, offers certain services delivered in patients' homes, although eligibility is determined by clinical need rather than age. Where patients discharged from MDH require ongoing community-based assistance, they may be referred to AACC through its standard application procedures.

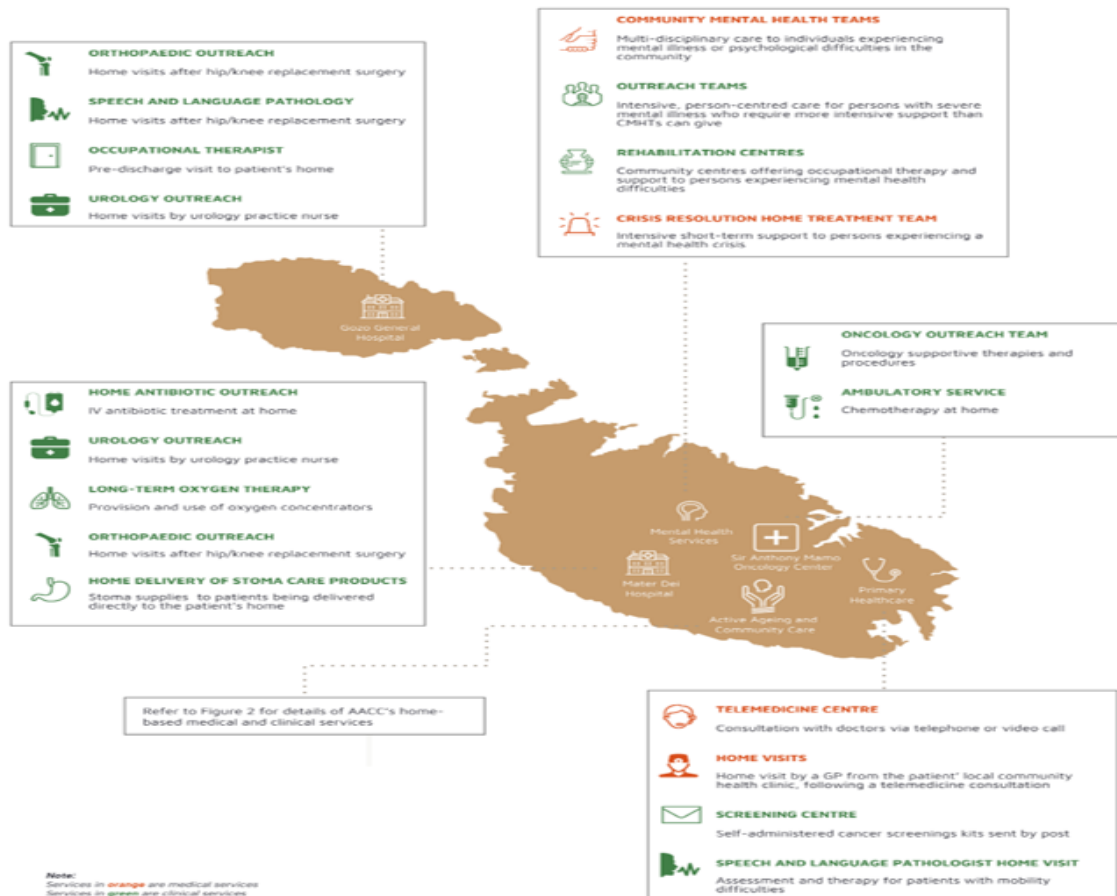
Within the grounds of MDH, the Sir Anthony Mamo Oncology Centre (SAMOC) provides specialised oncology and haemato-oncology services, including follow-up care that may extend to the patient's home where appropriate.

Mental well-being within Maltese society is seen to be by government through the Mental Health Services (MHS), which provides a comprehensive and integrated range of community and hospital-based mental health services. Specialised multi-disciplinary teams deliver care and support to individuals with mental health conditions who require specialist treatment, while also offering guidance and assistance to their social networks. Access to community-based services requires, in the first instance, a referral from either the patient's local health centre or by their personal GP, to the community mental health team within the patient's particular catchment area.

The Gozo General Hospital (GGH) is the only hospital on Malta's sister island of Gozo, providing acute and complex services, emergency services, inpatient and outpatient services and community outreach services. In addition, the hospital caters for psychiatric and long-term care, and offers home-based follow-up services to its patients based on clinical need.

Figure 3 below maps out these institutions and the home-based medical and clinical services they respectively offer to the Maltese population.

Figure 3: Home-based medical and clinical services offered by entities other than AACC



Mapping Stakeholders and Scoped Services

As home-based medical and clinical services for the elderly in Malta are delivered by multiple entities rather than organised under a single department or access channel, the audit team undertook extensive efforts to obtain the information required for this review, involving multiple requests for information and subsequent analysis. For instance, the mapping of all available related services proved to be an onerous task, as a single repository listing all of these could not be found. To this end, while NAO invested significant time and effort to ensure that all services are duly captured in its review, it could not completely exclude that others could potentially exist. Notwithstanding, the audit team still had due comfort that the services captured in this audit constitute the absolute majority of services, and are those of most significance, both in terms of materiality and relevance.

The decentralised nature of the local scoped services resulted into equally decentralised data repositories. This meant that information reaching the audit team was never structured the same way from one entity to another, requiring significant data harmonisation processes. In addition, the manner by which data was kept by most of the scoped entities is largely targeted at providing a national perspective, and proved limited in the possibilities of how this could be filtered to focus on 60+ individuals and/or on services which are provided in a patient's own private residence (as opposed to, for example, in elderly residential homes). This was arguably the most material limitation for this review, as it considerably constrained the extent and possibilities of analyses. This issue's impact on this study was significant to an extent that, in a number of instances, the audit team had to re-engineer its analyses to a qualitative approach from its original plan of a quantitative review. This limitation also constrained NAO to make, and declare, a number of assumptions and/or extrapolations when presenting quantitative information in this audit report.

Strengthening Public Sector Accountability through Integrated and Cross-cutting Audits: A Case-Study - SAI Malta

Main Audit Outcome

The “Performance Audit: Home-Based Medical and Clinical Services for the Elderly” showed that elderly individuals in Malta are offered a well-developed range of medical and clinical services in their own homes (even if several of which are offered to all age groups within the local population and are not specifically intended for people aged 60+) and that the uptake for these has registered an overall increase during the scoped period. Their provision is however accessed through multiple government entities, which creates challenges when it comes to the elderly managing a collection of such services. While the need for improved collaboration and integration between entities is acknowledged in the National Health Systems Strategy (NHSS) itself, this document does not lay out clearly defined strategic objectives on the further development, enhancement or expansion of these home-based medical and clinical services to the elderly. The same can be said for the National Strategic Policy for Active Ageing, the National Dementia Strategy and Mental Health Strategy.

The challenges encountered by this Office in filtering financial and human resource data to relate specifically to home based medical and clinical services for the elderly (from the information forwarded by the abovementioned audited entities), imply that government is currently not actively seeking to encapsulate and cost these scoped services as an overall distinct concept. This is supported by the observation that the reviewed national strategies only mention these peripherally, as well as by the fact that no readily available trends and/or projections for these services could be found.

With various indicators pointing clearly at the expected increase in the demand for such services, NAO strongly recommended that information management structures are further enhanced so that related financial and operational data (including that relating to staffing levels of medical and clinical professionals) can be easily extracted and comprehensively compiled. These data would prove to be pivotal strategy inputs if the continued provision and further development of these services (possibly through better coordination between the involved entities) is to be considered in the long term, and/or further acknowledged as an independent concept within the national health system.

Key Takeaway

In the case-study presented above, conducting separate audits on each involved entity would likely have produced insights which are fragmented and limited to individual organisational performance. By contrast, the adopted cross-cutting audit approach enabled the NAO to examine how these entities collectively contribute to a shared policy objective—supporting elderly persons living within the community.

Among others, this system-wide perspective made it possible to identify issues that would have been difficult to detect through isolated audits, such as fragmentation in service delivery, gaps in coordination mechanisms, and limitations in integrated data availability. At the same time, the approach highlighted how different services complement one another within the broader healthcare ecosystem.

Ultimately, this case-study demonstrates that cross-cutting performance audits provide a more holistic and policy-relevant assessment of government interventions, strengthening accountability not only at the level of individual entities but across the entire service delivery system. Such approaches are increasingly important for SAIs as governments rely more heavily on interconnected institutional arrangements to address complex societal challenges.

*****END*****



Magnaisuren Sandag
Auditor General of Mongolia

Abstract

This article outlines how the Mongolian National Audit Office (MNAO) is strengthening public sector accountability through integrated and cross-cutting audit practices supported by stakeholder engagement and quality management reforms. It highlights institutional efforts to align audit planning with issues of public interest by incorporating stakeholder and citizen input, enabling audits to address cross-sectoral risks and systematic challenges.

The article also outlines practical steps taken to improve audit consistency and effectiveness through the implementation of a risk-based quality management system in line with ISSAI 140. By combining integrated audit approaches with enhanced stakeholder participation, the experience demonstrates how Supreme Audit Institution can deliver more coherent audit outcomes, strengthen public trust and increase the relevance and value of public sector auditing.

Introduction

The Mongolian National Audit Office is the Supreme Audit Institution of Mongolia, mandated to ensure accountability, transparency, and effective oversight in the management of public finances and state assets. The origins of state audit in Mongolia date back to 1922, reflecting more than a century of institutional development shaped by the country's political, economic, and social transformation.

Following Mongolia's transition to a democratic system and market economy in the early 1990s, the state audit system underwent substantial reform. A key milestone was the adoption of the Law on State Audit in 2003, which institutionalized the modern state audit framework. The law established MNAO's mandate, independence, and organizational structure in alignment with internationally recognized auditing principles and standards.

Operating under the Constitution of Mongolia, MNAO conducts financial, compliance, and performance audits of public funds, state assets, and government programs at both central and subnational levels. Through its independent oversight role, MNAO supports the Parliament, public institutions, and citizens by promoting sound public financial management, good governance, and public trust.

The institution is headed by the General Auditor of Mongolia, Magnaisuren Sandag. As an active member of INTOSAI and ASOSAI, MNAO aligns its professional practices with international standards and actively contributes to regional and global cooperation, capacity development, and knowledge-sharing initiatives.

For the MNAO 2025 has been a year marked by strengthening strategic planning aligned with INTOSAI development approach, improving governance structures, advancing digital transformation, enhancing human resource capacity, reinforcing audit oversight and implementing concrete actions aimed at improving audit decision-making and effectiveness.

Key Milestone: Stakeholder Driven Policy Reform

Rising Public Expectations and the Need for Stakeholder-Driven Reform

In recent years, public expectations regarding the transparency and effectiveness of government operations have continued to rise. Citizens increasingly demand clear and accurate answers to fundamental questions: whether public policies are implemented in the public interest, whether government programs deliver tangible benefits, and whether state and local budgets and public assets are used efficiently to improve people's livelihoods.

Within the authority granted by the Constitution of Mongolia and the Law on State Audit, MNAO serves as the principal institution responsible for independent oversight and accountability over public policies and operations, state finances and budgets, and the planning, allocation, utilization, and expenditure of public assets. However, international experience and internal assessments have demonstrated that when a Supreme Audit Institution conducts its work with limited engagement with stakeholders, audit quality and effectiveness may be reduced, and societal impact weakened.

Recognizing this challenge, MNAO has increasingly emphasized the importance of stakeholder engagement as a strategic tool for enhancing audit relevance, impact, and public value.

The key stakeholders of MNAO include:

- The State Great Khural (Parliament);
- Citizens' Representative Khurals at subnational levels;
- Government entities and audited organizations;
- Citizens and the general public;
- Media organizations;
- Civil society organizations; and
- Academic and research institutions.

Effective engagement with these stakeholders contributes to several critical outcomes:

Enhancing Audit Impact and Effectiveness

By establishing appropriate, effective, and mutually beneficial relationships, audit recommendations are more likely to be implemented, leading to tangible improvements in public administration and service delivery.

Strengthening Institutional Independence

Broad-based understanding and support for the SAI's mandate, activities, and audit findings help reinforce institutional independence and credibility.

Enhancing Transparency and Accountability

Clear, accessible communication of audit findings strengthens public oversight of budgets, public finances, and state assets, supporting improvements in government performance and public trust.

Improving Strategic Coherence

Engaging stakeholders in strategic planning ensures that audit activities remain aligned with public needs, expectations, and emerging risks.

Adoption of the Stakeholder Engagement Strategy (2025-2030)

In 2025, the Mongolian National Audit Office developed and adopted a comprehensive Stakeholder Engagement Strategy aligned with its 2025-2030 Strategic Plan. The strategy reflects a deliberate shift toward a more open, participatory, and outcome-oriented audit model.

At the core of the strategy is the designation of Top Priority 1: Increasing public trust in state audit and strengthening the significance of public sector auditing. This priority signals a strategic transition from focusing primarily on internal performance indicators toward conducting audits that address issues of high societal relevance and deliver tangible value to stakeholders.

In line with this priority, Strategic Objective 1 was defined as conducting state audits on issues of public interest that attract citizens' attention and demand accurate answers, while providing citizens and stakeholders with reliable and factual information. This objective promotes greater openness in audit topic selection, transparent disclosure of audit results, and increased public oversight of audit follow-up activities.

The strategy recognizes that while numerous public policies and programs are implemented each year, mechanisms that allow citizens to clearly see, understand, and monitor their impact remain limited. Accordingly, state audit must go beyond identifying errors and irregularities and issuing conclusions. It must also take into account citizens' feedback, prevailing conditions, and potential risks in order to enhance audit impact and contribute to meaningful policy improvement.

Policy Framework for Ensuring Stakeholder Engagement

Based on its mandate, strategic objectives, internal and external assessment results, INTOSAI's Professional Pronouncements, and good practices of other SAIs, MNAO developed a Policy Framework for Ensuring Stakeholder Engagement.

The policy and its implementation action plan were developed through a fully participatory process at three levels:

Internal Engagement

The draft policy was presented to MNAO headquarters and to state audit organizations at provincial and capital city levels. Feedback was collected to ensure alignment with organizational mandates, structures, and regional characteristics, and responses were provided on how comments were addressed.

Stakeholder Engagement

Prior to approval, the draft policy was openly discussed with key stakeholders, including Parliament, government entities, audited organizations, citizens, civil society organizations, media, academic institutions, international partners, and donor organizations. This process enabled MNAO to capture genuine expectations and improvement proposals and reflect them in policy design, terminology, and implementation measures.

Feedback from International Partners

The initiative was presented to senior representatives of the INTOSAI Development Initiative (IDI), ensuring alignment with international principles on enhancing audit impact through stakeholder collaboration.

The resulting policy is underpinned by the principle of "leave no one behind", aiming to make MNAO more accessible, transparent, and responsive to the needs of society.

Key Milestone: Public Participation In The Selection of Audit Topics

A key component of MNAO's stakeholder-driven reform is the introduction of public participation mechanisms in audit topic selection.

Use of the "11-11" Citizen Engagement Platform

Complaints and suggestions submitted by citizens through the Government's "11-11 Public Service and Citizen Engagement Center" were systematically analyzed and selectively included as potential audit topics.

Analysis of submissions from 2022 to the second quarter of 2025 showed that many complaints related to public services, public officials, and sectors within the mandate of the Capital City Governor's Office, including housing maintenance, water supply, heating, and electricity distribution. Over a four-year period, complaints related to these services increased from 16.2% to 20.5%.

Based on this evidence, the 2026 draft audit plan includes an audit on the readiness of Ulaanbaatar City's heating supply system and the effectiveness of heat distribution to consumers.

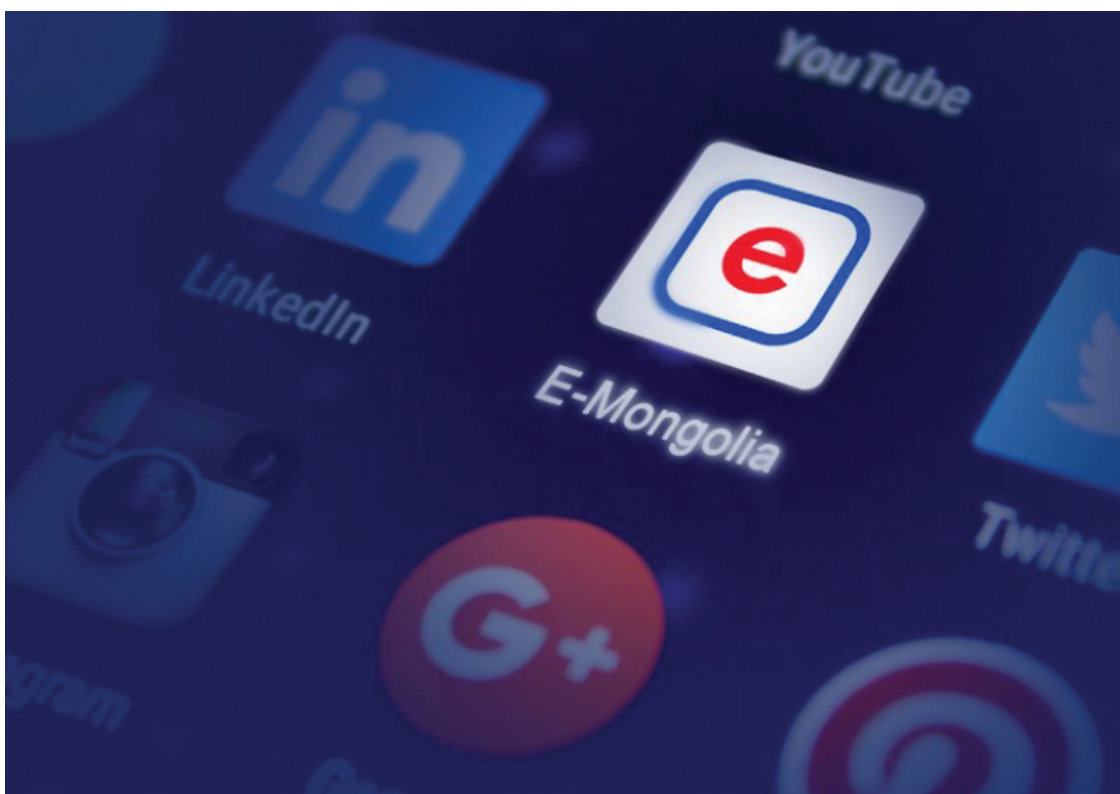
Digital Citizen Proposals via E-Mongolia

Starting in the first quarter of 2025, MNAO, in cooperation with the E-Mongolia Academy, which provides E-Mongolia the national e-government service system, introduced an online service enabling citizens to submit proposals for performance audit topics.

Between 21 January and 30 June 2025, a total of 77 proposals were received. After prioritization and assessment against audit standards and legal criteria, submissions related to dividend distribution of “Erdenes Tavantolgoi” JSC accounted for 22.5% of all proposals and were selected as audit subjects.

Notably, 95% of citizen submissions related to public services, public institutions, and public officials, highlighting strong public interest in service delivery and governance issues.

By digitalizing the process, MNAO established a good practice that enables all citizens—regardless of location or time—to draw audit attention to high-risk issues such as inefficiencies, misuse of budget funds, and fraud-related activities.



Key Milestone: Implementing ISSAI 140

The revision and entry into force of ISSAI 140 on Quality Management for Supreme Audit Institutions marked a significant shift from traditional quality control approaches toward a comprehensive, risk-based quality management system. In response, the Mongolian National Audit Office has undertaken a series of practical and institutional measures to ensure effective implementation of the standard.

To prepare for implementation, MNAO developed and approved an implementation plan covering the period 2024–2025. The plan sets out clear stages, responsibilities, and timelines for transitioning from a quality control system to a quality management system applicable across all audit types and organizational levels.

As an initial step, ISSAI 140 was translated into Mongolian and reviewed through internal professional discussion. The translated standard was validated and formally approved to ensure a common and accurate understanding of quality management requirements across the institution. This provided a unified methodological foundation for subsequent implementation activities.

In parallel, MNAO conducted a needs and gap assessment to evaluate existing quality-related policies, procedures, and practices against the requirements of ISSAI 140. This assessment identified strengths, gaps, and areas requiring further development, including governance arrangements, risk assessment processes, documentation practices, and responsibilities for quality management.

Based on the assessment results, MNAO initiated work to define quality objectives and identify quality risks at both the organizational and engagement levels. This includes clarifying roles and responsibilities related to quality management, strengthening leadership oversight, and integrating quality considerations into audit planning, execution, reporting, and follow-up processes.

To support consistent implementation, practical guidance materials on audit quality management are being adapted and disseminated across the organization. These materials aim to help auditors and managers understand how quality objectives, risks, and responses are applied in daily audit work, rather than treating quality management as a separate or compliance-driven exercise.

Capacity-building activities have also been initiated to raise awareness and understanding of the quality management system among staff. These efforts emphasize that quality management is not the responsibility of a single unit, but a shared responsibility across the institution, with every auditor contributing to audit quality through professional judgment, ethical conduct, and adherence to standards.

Looking ahead: Sustaining Reform and Audit Quality

MNAO recognizes that implementing ISSAI standards and establishing a quality management system is not a one-time reform, but a long-term and continuous process. Building on the foundations laid during 2024–2025, the institution is preparing an Action Plan for Implementing Quality Objectives for 2026–2030. This plan will guide further development, implementation, and monitoring of the quality management system.

The timelines and activities set out in the action plan will be integrated into annual and quarterly work plans, ensuring systematic implementation and regular review. Adjustments will be made as necessary in response to emerging risks, institutional changes, and lessons learned from practice.

By strengthening stakeholder engagement and establishing a robust quality management system, the Mongolian National Audit Office aims to enhance audit outcome, increase public trust, and reinforce the relevance and value of state audit in society. These reforms represent an important step toward ensuring that audit results translate into tangible improvements in governance, public service delivery, and the lives of citizens.

*****END*****



Manal Salim Al-Mukhaini
Senior Audit Specialist
State Financial and Administrative Audit Authority
SAI Oman

Public accountability has long been recognized as a cornerstone of good governance. It underpins public trust, ensures responsible stewardship of public resources, and reinforces the legitimacy of government action. Citizens expect public institutions to manage funds prudently, deliver services effectively, and operate transparently. Yet, in an era defined by rapid digital transformation, traditional accountability mechanisms are increasingly strained.

Digitalization has fundamentally altered how governments design policies, manage operations, and deliver public services. Transactions are processed through integrated digital systems, services are delivered via online platforms, and data flows across institutions in real time. In this evolving environment, accountability frameworks designed for paper-based processes and organizational silos are no longer sufficient. They must evolve to reflect the realities of digital governance.

The future of public accountability lies in integrated and cross-sector auditing, enabled and strengthened by digital technologies.

The Limits of Traditional Auditing Models

Public sector auditing has traditionally been organized around distinct functions: financial auditing, compliance auditing, and performance auditing. Each serves a critical purpose in safeguarding public resources and ensuring adherence to laws and regulations. However, these functions often operate independently, focusing on retrospective reviews of activities within individual institutions.

This fragmented approach was relatively effective in stable administrative environments characterized by clearly defined institutional boundaries. Modern governance, however, is far more interconnected. Public programs increasingly cut across ministries, agencies, and levels of government. A single social protection initiative, for example, may involve finance authorities, sectoral ministries, digital service providers, and local governments. Auditing each entity in isolation risks overlooking systemic weaknesses embedded in coordination mechanisms, data-sharing arrangements, or joint decision-making processes.

Moreover, traditional audits are largely backward-looking. Findings are often reported long after transactions have occurred or programs have concluded. While such reviews remain important, they limit the ability of oversight bodies to prevent losses, mitigate risks early, or respond effectively to rapidly evolving challenges.

In a digital government environment, accountability must be faster, broader in scope, and more analytically sophisticated.

Integrated and Cross-Sector Auditing: A Conceptual Shift

Integrated auditing represents a significant evolution in audit philosophy. Rather than examining financial integrity, regulatory compliance, operational performance, and digital risks separately, it brings these dimensions together within a single analytical framework. This approach recognizes that financial decisions, operational outcomes, and system performance are deeply interconnected.

Integrated auditing moves beyond the narrow question of whether funds were spent legally. It also asks whether public resources were used efficiently, whether programs achieved their intended objectives, and whether the underlying digital systems were reliable, secure, and fit for purpose. In doing so, it aligns accountability more closely with public value creation.

Cross-sector auditing extends this logic further by shifting the unit of analysis from individual organizations to public programs and policy outcomes. It traces resources, responsibilities, and results across institutional boundaries, providing a more realistic picture of how government action unfolds in practice. This perspective is particularly important in the digital era, where shared platforms, interoperable systems, and collaborative service delivery models are increasingly common.

Together, integrated and cross-sector auditing offer a governance-oriented model of accountability—one that reflects the complexity and interdependence of modern public administration.

Rethinking Public Accountability in the Digital Age: The Power of Integrated and Cross-Sector Auditing - SAI Oman

Digital Transformation as an Enabler of Accountability

Digital transformation does more than modernize service delivery; it reshapes the very foundations of oversight and control.

Advanced data analytics allow auditors to examine full populations of transactions rather than relying on limited samples. This enhances the detection of anomalies, strengthens evidence-based conclusions, and reduces the risk of undetected irregularities. Continuous auditing, enabled by real-time data access, shortens the gap between the occurrence of risks and their identification. Oversight becomes preventive rather than purely corrective.

Artificial intelligence and automation further expand audit capabilities. Algorithms can identify unusual patterns, flag high-risk transactions, and automate routine procedures. This not only improves consistency but also allows auditors to focus on higher-value analytical and judgment-based work.

Equally important is the rise of interoperable government platforms. Integrated financial management systems, digital procurement solutions, and centralized administrative databases provide cross-cutting visibility into government operations. When audit institutions can access and analyze these interconnected systems, accountability becomes systemic rather than fragmented.

Collectively, these technologies transform auditing from a reactive compliance function into a proactive instrument of governance assurance.

Persistent Challenges and Institutional Constraints

Despite its potential, digital-enabled auditing faces significant challenges. Many governments continue to rely on legacy systems that lack interoperability, limiting access to reliable and timely data. Data quality remains uneven, and cybersecurity threats pose growing risks to both operational continuity and public trust.

Human capital constraints are equally critical. Audit institutions often face shortages of skills in data analytics, digital forensics, and information systems auditing. Without sustained investment in capacity building, the benefits of digital tools cannot be fully realized.

Institutional resistance also plays a role. Moving toward integrated and cross-sector auditing requires changes in mandates, organizational cultures, and inter-agency collaboration practices. Technology alone does not guarantee stronger accountability; it must be accompanied by regulatory adaptation, leadership commitment, and a clear governance framework for data use and oversight.

Strategic Priorities for Strengthening Accountability

To harness digital transformation effectively, governments and oversight bodies should prioritize several strategic actions:

- Establish robust data governance frameworks that ensure data quality, accessibility, security, and clear accountability for data use.
- Invest in developing digital and analytical skills within audit institutions.
- Develop shared digital audit platforms to support collaboration across agencies.
- Embed cybersecurity and information system risks within audit mandates.
- Adopt risk-based audit approaches supported by predictive analytics.
- Promote transparency through the digital publication of performance indicators and audit findings.

These measures contribute to building an accountability ecosystem aligned with the complexity of digital governance.

Conclusion: Accountability as a Design Principle

Ultimately, accountability is not merely a procedural requirement; it is a matter of institutional design and public trust. As governments expand digital services and data-driven decision-making, citizens rightly expect transparency and integrity to be strengthened, not diminished.

Integrated and cross-sector auditing provides a credible pathway to meet these expectations. By aligning oversight mechanisms with the realities of digital administration, public institutions can safeguard resources, improve performance, and reinforce confidence in the public sector.

The digital state demands digital accountability. Those who embrace this transformation will not only modernize auditing practices but will also redefine the foundations of responsible governance in the twenty-first century.

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Public Debt Management Audit Division

Cluster 2 – Oversight and Public Debt Management Agencies

National Government Audit Sector

Commission on Audit

Introduction

Official Development Assistance (ODA) continues to serve as a major source of development financing for the Philippines, supporting infrastructure, social services, governance reforms, and institutional strengthening efforts. As ODA projects involve complex financial arrangements, cross-agency coordination, and long-term fiscal implications, ensuring transparency, efficiency, and accountability in their implementation is essential. Integrated and cross cutting audits conducted by the Commission on Audit (COA) play a key role in safeguarding public resources and reinforcing government accountability mechanisms. This article explores the Philippine legal framework governing ODA, the roles of key oversight institutions, and COA's comprehensive audit approach that strengthens public sector accountability.

Understanding ODA in Philippine Law

ODA in the Philippines is defined under Republic Act (R.A.) No. 8182, or the ODA Act of 1996, which amends earlier legislation governing the incurrence of foreign debt. The law defines ODA as loan or a loan and grant packages extended by foreign governments. These financing arrangements must include a grant element of at least twenty-five percent (25%) and must be used to promote sustainable social and economic development.

A significant feature of R.A. No. 8182 is its amendment to R.A. No. 4860, which excludes ODA loans from 10.00 billion United States Dollars (USD) cap on public sector borrowing. This exclusion reflects the developmental character of ODA and recognizes its importance in supporting national priorities. Nevertheless, concessional loans still represent binding financial obligations. Thus, ensuring effective management and oversight remains a critical duty of government institutions.

Institutional Roles in ODA and Public Debt Management

Effective oversight of ODA requires coordinated efforts among national government agencies (NGAs) responsible for planning, financing, implementing, and regulating development projects. The Philippines employs a multi-layered governance structure that distributes responsibilities across key institutions.

A. The Office of the President

The President holds the authority to contract, guarantee, or approve loans, credits, and indebtedness with foreign governments, international lending institutions, and multilateral agencies. This includes assuring that ODA resources are directed toward projects aligned with national development priorities, such as rural infrastructure, countryside development, and projects that enhance economic zones. The President authorizes the Secretary of the Department of Finance to act as signatory to ODA loan agreements.

B. Department of Finance (DOF)

The DOF is the primary negotiating and contracting entity for ODA loans, under the authority of the President. It reviews and evaluates the financial terms and conditions of the ODA loan prior to contracting to ensure that the loan is fiscally sound and aligned with debt management policies.

C. Bureau of the Treasury (BTr)

The BTr serves as the recorder and custodian of all ODA-related loans and grants. It performs debt servicing and maintains accurate records of borrowings and repayments. As the treasury arm of the government, the Bureau ensures the integrity of financial information used in assessing debt exposure.

D. Department of Economy, Planning, and Development (DEPDev)

The DEPDev is responsible for macroeconomic planning and project evaluation, and conducts annual reviews of ODA-financed projects. These reviews assess progress, identify delays and bottlenecks, examine the causes of cost overruns, and determine continuing project viability.

E. Department of Budget and Management (DBM)

The DBM manages budget allocations and releases for ODA funded programs. Timely release of budget allotments, including government counterpart contributions, is essential to prevent project delays and ensure continuity of implementation.

F. Bangko Sentral ng Pilipinas (BSP)

The BSP regulates and monitors foreign loans, including ODA, to ensure sustainable debt levels, alignment with the country's macroeconomic fundamentals, and stability of the Philippine peso.

Collectively these agencies form a network of oversight and management that ensures ODA is contracted, implemented, and monitored in line with national priorities and fiscal sustainability principles.

COA's Consolidated Audit of ODA-Funded Programs and Projects

As mandated by R.A. No. 8182, the COA prepares an annual Consolidated Audit Report on ODA-Funded Programs and Projects. This report integrates audit findings from NGAs, government-owned and controlled corporations (GOCCs), government financial institutions (GFIs), and local government units (LGUs) involved in implementing ODA-financed initiatives.

Prepared by the Public Debt Management Audit Division under Cluster 2 - Oversight and Public Debt Management Agencies, National Government Audit Sector, the report consolidates observations from COA's National, Corporate, and Local Audit Sectors. This cross cutting audit approach ensures that ODA-related weaknesses are examined from a holistic perspective, highlighting both agency-specific issues and systemic challenges across institutions.

The consolidated report reviews the implementation, in terms of financial and physical performance of the ongoing and completed ODA-funded programs and projects being implemented by the NGAs, GOCCs, GFIs, and LGUs as at the reporting period. The report also covers other issues related to the contracting of the ODA loans by the DOF, evaluation, approval and monitoring of the program and project implementation by the DEPDev, and fund allocations and/or releases on ODA-funded programs and projects by the DBM.

This integrated audit mechanism is central to identifying recurring issues, ensuring transparency, and strengthening mechanisms for accountability.

Key Audit Categories and Their Contribution to Accountability

To ensure clarity and actionable reporting, COA organizes audit observations under four main categories. Each category addresses a critical dimension of ODA governance and highlights areas where improvements may enhance development outcomes.

Strengthening Official Development Assistance Accountability through Integrated and Cross-cutting Audits: The Experience of SAI-Philippines

	Category	Description
1	Project Implementation, Management, and Sustainability	Observations on the efficiency, economy, effectiveness, and sustainability of the foreign-assisted projects (FAPs). Audit observations under this category may include but are not limited to observations on project readiness, procurement of goods/civil works/services, asset management, monitoring and evaluation, and project sustainability.
2	Financial Management	Observations on the evaluation of the executing agencies/implementing agencies' management, utilization, and reporting of the various sources of funds for FAPs (Loan Proceeds, Grant Proceeds, Government of the Philippines Counterpart, and LGU/Beneficiary counterpart). This also includes observations noted on the audit of budget and financial accountability reports of the executing agency/implementing agency.
3	Reliability of Financial Statements (FSs)	Observations on the General-Purpose FSs of the executing agency/implementing agency and/or Special-Purpose FSs for the loan and/or grant as required in the Loan Agreement/Grant Agreement. Audit observations under this category may include but are not limited to various accounting errors resulting in misstatements of accounts in the FSs, as well as discrepancies between the account balances and other reports required under the Government Accounting Manual for NGAs and/or financial reports on the FAPs.
4	Compliance with Existing Laws, Rules, Regulations, and Provisions of the Loan Agreement/Grant Agreement/Memorandum of Agreement and Other Agreements	Observations on compliance by the executing agency/implementing agency with the applicable laws, rules, and regulations as well as the Loan Agreement/Grant Agreement/Memorandum of Agreement, and other contracts/agreements entered into for the implementation of the project. This also includes non-compliance with accounting and auditing rules and regulations as required by COA circulars and the Government Accounting Manual for NGAs.

Audit Methodology and Follow-Through

COA applies a combination of document review, data analysis, interviews, validation procedures, and field assessments to evaluate ODA-funded programs. The audit process not only identifies issues but also provides recommendations for improvement.

Agencies are required to submit an Agency Action Plan and Status of Implementation (AAPSI) within 60 days from receipt of their audit report. COA auditors validate the agencies' corrective actions and post the results on the COA website. This follow-through mechanism ensures sustained accountability and enhances transparency by making audit responses accessible to the public.

In a governance environment where multiple institutions share responsibilities for managing ODA, integrated and cross-cutting audits serve as essential tools for reinforcing public sector accountability. The COA's consolidated audit approach provides a system-wide perspective that identifies inefficiencies, strengthens interagency coordination, and promotes better stewardship of development resources. As the Philippines continues to harness ODA for national development, robust oversight mechanisms, grounded in transparency, compliance, and performance evaluation, are indispensable in ensuring that externally financed projects achieve their intended benefits and contribute to sustainable and equitable growth.

Ms. Khanamporn Philapurana
SAI Thailand

Introduction

In an increasingly complex policy environment, many public sector challenges extend beyond the mandate of a single government entity. Issues such as public health emergencies, climate change, disaster management, and food security involve multiple institutions, policy instruments, and governance levels. As a result, Supreme Audit Institutions (SAIs) are increasingly required to conduct **integrated and cross cutting audits** that examine how government entities collectively address systemic challenges rather than assessing the performance of individual agencies in isolation.

Integrated and cross-cutting audits focus on evaluating the **coherence, coordination, and effectiveness of government actions across sectors and institutions**. This approach is particularly relevant when auditing programs linked to the **Sustainable Development Goals (SDGs)**, where progress depends on coordinated implementation among multiple stakeholders. The INTOSAI Development Initiative (IDI) therefore introduced the **SDGs Audit Model (ISAM)** to guide SAIs in assessing government preparedness, policy coherence, and institutional collaboration.

Recognizing the importance of such an approach, the **State Audit Office of the Kingdom of Thailand (SAO Thailand)** conducted a performance audit titled **"Enhancement and Preparation for Public Health Emergencies."** The audit examined how Thailand prepared for and responded to public health emergencies, particularly in light of global experiences during the COVID-19 pandemic. The audit also contributed to assessing national readiness in relation to **SDG target 3.d**, which aims to strengthen countries' capacity for early warning, risk reduction, and management of national and global health risks.

Public health emergency preparedness represents a **cross-sectoral policy area** involving numerous government bodies responsible for disease surveillance, public health services, emergency response, border control, and strategic planning. The COVID-19 pandemic further highlighted that fragmented governance arrangements and insufficient coordination among agencies can undermine a country's ability to respond effectively to emerging health threats. For this reason, auditing such a policy domain requires an integrated approach that examines how policies, legal frameworks, institutional responsibilities, and information systems interact within the broader governance system.

To address this complexity, the audit applied key principles of the **ISAM framework**, including the **Whole-of-Government Approach, policy coherence, and multi-stakeholder engagement**. These principles guided the auditors in identifying relevant institutions, defining audit scope, and examining the interaction between national policies and operational implementation across agencies.

2. Applying a Whole-of-Government Approach in Audit Design

A central element of integrated and cross-cutting audits is the **Whole-of-Government Approach**, which emphasizes coordinated governance across ministries, departments, and levels of administration. Rather than focusing solely on a single auditee, this approach examines how multiple institutions collectively contribute to achieving policy objectives.

In the case of Thailand's public health emergency preparedness audit, the auditors recognized that effective pandemic preparedness depends on **policy alignment, operational coordination, and information sharing among several government entities**. Consequently, the audit design extended beyond a single agency and examined the roles and responsibilities of key institutions involved in disease prevention, emergency response, and health system preparedness.

The primary auditees were the **Office of the Permanent Secretary of the Ministry of Public Health and the Department of Disease Control**, which are responsible for policy coordination, disease surveillance, and national preparedness planning. However, the audit also considered the broader institutional ecosystem, including other agencies that play supporting roles in implementing strategic plans, managing resources, and responding to public health crises.

Applying a Whole-of-Government perspective enabled the audit team to identify governance gaps that may not be visible when auditing individual entities separately. For example, the audit examined the **alignment of legal frameworks, strategic plans, and operational responsibilities among different agencies** responsible for disease control and emergency management. This approach also allowed auditors to analyze how coordination mechanisms function in practice and whether existing institutional arrangements support timely and effective responses to health emergencies.

3. Integrated Auditing of Policy Frameworks, Planning, and Information Systems

The integrated audit approach also guided the selection of audit topics. Instead of focusing only on operational performance, the audit assessed multiple dimensions of preparedness, including:

- Legal and regulatory frameworks governing disease prevention and control
- Strategic planning and implementation mechanisms for public health emergency preparedness
- Coordination arrangements among government agencies
- Information systems and data integration for disease surveillance and response

The audit revealed that while Thailand has established legal instruments such as the Communicable Disease Act and several strategic plans related to disease prevention and emergency preparedness, **gaps remain in policy coherence and institutional coordination**. For instance, some legal provisions were not fully aligned with other disaster management laws, leading to uncertainty among responsible agencies during the early stages of pandemic response.

Furthermore, the audit found that several strategic plans addressing infectious disease preparedness contained **similar objectives and indicators but were developed independently**, resulting in overlapping targets and inconsistent implementation frameworks. This fragmentation limited the effectiveness of monitoring mechanisms and reduced the ability of authorities to assess overall preparedness at the national level.

Another critical issue concerned **public health data systems**, which were managed by different institutions and lacked sufficient interoperability. In a public health emergency, fragmented data systems can delay decision-making and hinder the government's ability to monitor disease spread and allocate resources efficiently.

These findings demonstrate the value of **cross-cutting audits**, as systemic governance challenges often arise from the interaction between multiple policies, institutions, and information systems.

4. Contribution of Integrated Audits to Public Sector Accountability

By applying an integrated and cross-cutting audit approach, SAO Thailand was able to move beyond traditional agency-level accountability and assess **system-wide governance performance**. The audit provided insights into how national preparedness policies are translated into operational practices and how institutional coordination affects the effectiveness of government responses to public health crises.

The audit results contributed to strengthening public sector accountability by:

- Identifying **policy and legal gaps** affecting pandemic preparedness
- Highlighting the need for **greater coordination among responsible agencies**
- Recommending improvements in **strategic planning and monitoring mechanisms**
- Emphasizing the importance of **integrated information systems for public health surveillance**

These recommendations support the government's efforts to enhance preparedness for future public health emergencies and improve policy coherence across institutions.

5. Lessons for SAIs

The experience of SAO Thailand demonstrates that **integrated and cross-cutting audits are essential for addressing complex policy challenges** that require coordinated government action. Applying a Whole-of-Government perspective enables auditors to identify systemic governance weaknesses and provide recommendations that strengthen institutional collaboration and policy coherence.

For SAIs in the ASOSAI region, adopting such approaches can enhance the relevance and impact of audit work, particularly when assessing issues related to **public health resilience, climate change, disaster risk management, and sustainable development**.

*****END*****

ASOSAI News



International Training Programme on Digital Public Infrastructure (DPI) - SAI India

International Training Programme on Digital Public Infrastructure (DPI): In line with the commitment made under the framework of the New Delhi Declaration 2024, SAI India conducted the International Training Programme (ITP) on “Audit of Digital Public Infrastructure (DPI)” from 12 to 28 November 2025 at its global training facility, iCISA, Noida. The programme brought together 28 delegates from 26 SAIs and served as a platform for cross-country exchange of knowledge and experiences in auditing DPI ecosystems. The ITP strengthened institutional capacities and enhanced global audit preparedness for fostering accountable, transparent, and inclusive digital transformation.



Group photograph with participants of the International Training Programme on “Audit of Digital Public Infrastructure” (12 Nov to 28 Nov 2025)

First Annual meeting of ASOSAI Working Group on IT Audit & Data Analytics (WGITA&DA) conducted virtually by SAI India

First Annual meeting of ASOSAI Working Group on IT Audit & Data Analytics (WGITA&DA): SAI India, in its capacity as Chair of the ASOSAI Working Group on IT Audit & Data Analytics (WGITA&DA), organised the inaugural meeting of the Working Group along with a seminar on “Building Capacities for Emerging Technologies” on 18 December 2025 in virtual mode. The event witnessed participation of 74 delegates from 19 ASOSAI member SAIs, who shared valuable insights and experiences on the theme. The meeting also facilitated the finalisation and approval of the WGITA&DA Work Plan 2025-27. The seminar provided timely perspectives on strengthening institutional capacities in the area of emerging technologies.



First meeting of ASOSAI Working Group on IT Audit and Data Analytics (WGITA&DA)

Signing of a Memorandum of Understanding between the State Audit Bureau of Kuwait and the UAE Accountability Authority

In recognition of the importance of international cooperation in strengthening the role of Supreme Audit Institutions, a Memorandum of Understanding was signed between the State Audit Bureau of Kuwait and the UAE Accountability Authority of the United Arab Emirates on Thursday, 29 January 2026.

This memorandum reflects the mutual trust between the two institutions and their shared understanding of the challenges associated with auditing and oversight of the public sector. It also demonstrates their commitment to exchanging best practices, expertise, and knowledge, as well as to building a productive partnership that contributes to achieving their common objectives.

1. XXV INCOSAI

• Hosting the 79th INTOSAI Governing Board Meeting and the XXV INCOSAI

The ASA of Egypt, headed by His Excellency Counsellor/ Mohamed El-Faisal Youssef, hosted the 79th Governing Board Meeting of INTOSAI in Sharm El-Sheikh on October 27-28, 2025, with the participation of the heads and representatives of the SAIs that are members of the Governing Board. This meeting served as a prelude to the XXV INCOSAI, held under the auspices of His Excellency President Abdel Fattah El-Sisi, President of the Arab Republic of Egypt.



The meetings focused on discussing and presenting the decisions and recommendations to be approved at INCOSAI 25. The Governing Board also reviewed periodic reports issued by INTOSAI entities, including the Strategic Goals Committees, the General Secretariat, the INTOSAI Development Initiative (IDI), the International Journal of Government Auditing, and the regional organizations.



On October 29, 2025, the XXV INCOSAI was held, with the participation of 145 SAIs and Organizations from around the world. The opening session of the XXV INCOSAI witnessed the honouring of H.E. Dr. Mostafa Madbouly; Prime Minister of the Arab Republic of Egypt, who affirmed in his speech the political leadership's support for the role played by SAIs in promoting governance, transparency, and the sound management of public funds.



The session also featured a welcoming address by the President of the Accountability State Authority, a speech by the Secretary General of INTOSAI (the Austrian Court of Audit), and remarks by the outgoing Chair of INTOSAI (the Federal Court of Accounts of Brazil). In addition, the session included the official handover ceremony of the INTOSAI Chairmanship from SAI Brazil to SAI Egypt, during which H.E. Counsellor/ Mohamed El-Faisal Youssef, President of the Accountability State Authority of Egypt, assumed the Chairmanship of INTOSAI. This milestone underscores Egypt's pivotal role in supporting the international oversight and transparency framework and reflects the high level of confidence enjoyed by its audit institutions at the global level.



The following topics were discussed:

- Technical Theme 1: “The Role of SAIs in Auditing Central Banks and Government Activities During Financial and Economic Crises”, chaired by the U.S. Government Accountability Office (GAO), with SAI Egypt as Vice-Chair.
- Technical Theme 2: “Using Artificial Intelligence Techniques in Auditing,” chaired by SAI Egypt, with SAI Norway as Vice-Chair.

The Congress concluded with a closing session during which the Working Groups’ recommendations were discussed and endorsed, in addition to the adoption of several key resolutions, most notably:

- The election of the INTOSAI Governing Board members
- The approval of SAI Indonesia’s hosting of the XXVI INCOSAI.
- The announcement of SAI Kingdom of Saudi Arabia’s hosting of the XXVII INCOSAI.
- The adoption of the Sharm El-Sheikh Declaration.

2- The Accountability state Authority consolidates international cooperation through bilateral meetings and Memoranda of Understanding to enhance audit work globally. On the sidelines of INCOSAI 25 in Sharm El-Sheikh, His Excellency Counsellor/ Mohamed El-Faisal Youssef held a series of bilateral meetings with heads and representatives of Supreme Audit Institutions and regional and international organizations to activate partnerships and sign Memoranda of Understanding supporting the development of auditing worldwide.

- A Memorandum of Understanding with the Auditor-General of South Africa and Chair of the INTOSAI Capacity Building Committee, aimed at organizing cooperation between the two Supreme Audit Institutions in the fields of training and exchanging expertise.

A Memorandum of Understanding with the Office of the Auditor General of the Federal Republic of Somalia, focusing on sharing knowledge and implementing joint training programs and workshops. A Memorandum of Understanding with the Supreme Audit Chamber of Kazakhstan to strengthen cooperation in the fields of auditing and accounting, with an agreement to expedite its activation. Within the framework of solidifying and supporting mutual cooperation between Supreme Audit Institutions and the Accountability State Authority of Egypt, H.E. Counsellor/ Mohamed El-Faisal Youssef held meetings with: the President of the Portuguese Court of Auditors, President of the Italian Court of Auditors, the Public Prosecutor at the French Court of Accounts, President of the Chamber of Accounts of Azerbaijan, a delegation from the Office of the Comptroller and Auditor General of India, a delegation from the Spanish Court of Auditors and a delegation from the Accounts Chamber of the Russian Federation, Furthermore, His Excellency met with several heads of Arab Supreme Audit institutions, including the General Court of Audit of Saudi Arabia, the UAE Accountability Authority, the State Audit Institution of Oman, the State Audit Bureau of Qatar, the Court of Accounts of Morocco, the Federal Board of Supreme Audit of Iraq, the State Audit and Administrative Control Bureau of Palestine, and the Libyan Audit Bureau.”

3. H.E. President of the Accountability State Authority participated in the Sixty-Fifth Regular Session of the UN Panel of External Auditors, held on November 24–25, 2025 at the United Nations headquarters in New York. The meeting discussed key issues related to the UN system and its specialized agencies from the perspective of performance general auditing, financial and administrative matters, as well as topics related to Sustainable Development Goals and digital transformation. The meeting also included the announcement of the Accountability State Authority's election as Vice-Chair of the UN Panel of External Auditors and the agreement to hold the Sixty-Sixth Session in Egypt in 2026.



4. ASA representatives participated in UNIDO's Twenty-First Regular Session "World Industry Summit 2025", held during November 23–27, 2025 in Riyadh, Kingdom of Saudi Arabia. ASA continued its UN achievements with the renewal of its appointment as UNIDO External Auditor for a new term from July 1st, 2026 to June 30th, 2028. This renewal crowns ASA's accomplishments during its current term, which ends on June 30th, 2026, based on the positive audit results and the UNIDO members' recognition of the ASA's strong commitment to the highest standards of independence and professional competence, which significantly enhanced internal control systems and improved the Organization's resource management efficiency and effectiveness.

5. The election of the Accountability State Authority as External Auditor of the United Nations Food and Agriculture Organization (FAO) for a six-years term(2026-2031), marking the first time in the Organization's history since its establishment.

African-related News:

6. The ASA participated in the 62nd AFROSAI Governing Board Meeting that was held in-person during the period July 7-11, 2025 in Rabat, Morocco. ASA chaired the meeting of the Editorial Board of the African Journal of Comprehensive Auditing, in its capacity as Chair of the Journal's Editorial Board, with the participation of the Journal's Editorial Board members. During the Meeting, many topics, related to the Journal's member SAIs' contributions, were discussed, in addition to reviewing the Report on the Journal's activities during the second half of 2025 as well as during 2026. The Meeting also discussed the activities of the Technical Committees, the three Sub-Regional Organizations and AFROSAI Organs.

7. ASA was elected as a Vice-Chair of the AFROSAI Working Group on Environmental Auditing for the period 2025-2027; this election was endorsed at the inaugural meeting of WGEA's Steering Committee, which was held virtually on September 9th, 2025. During the Meeting, the updated AFROSAI WGEA Work Plan 2025-2027 was discussed.

8. H.E. Counselor/ Mohamed El-Faisal Youssef, President of Accountability State of Authority (ASA) in Egypt and President of INTOSAI, participated in the 15th Meeting of the General Assembly of the Arab Organization of Supreme Audit Institutions (ARABOSAI) which was held from December 2 to 4, 2025 in the Kingdom of Saudi Arabia. During the Assembly, ASA was voted as a member of the Organization's Governing Board until 2031, with 17 votes out of a total of 19 votes cast. The ASA then participated in the 70th Meeting of the Governing Board, which was held after the conclusion of the General Assembly.

9. The Accountability State Authority (ASA) participated, alongside the Organization for Security and Co-operation in Europe (OSCE) and the United Nations Office on Drugs and Crime (UNODC), in organizing the integrated event on Distributed Ledger Technologies (DLT) and open data in promoting transparent governance, which was held in a hybrid format on the sidelines of the 11th Conference of the States Parties of the United Nations Convention against Corruption (COSP 11) on 16 December 2025, in Doha, Qatar.

His Excellency Counselor/ Mohamed Al-Faisal Youssef, President of the Accountability State Authority (ASA) and Chair of INTOSAI, participated in the event virtually and delivered a speech in which he emphasized the importance of open data and Distributed Ledger Technologies (DLT). His Excellency highlighted that innovation and engagement with modern technologies are no longer optional but a necessity dictated by the nature of the challenges we face, stressing that Distributed Ledger Technologies represent an effective tool to ensure data immutability, enhance traceability, and promote transparency. Moreover, He pointed out that open data plays a key role in enabling access to information, tracking it, and verifying it, thereby strengthening accountability and consolidating the integrity of the public sector.

The meeting included discussions on several technical topics, including:

- Open data and digital governance tools to enhance trust between citizens and government institutions, assist in preventing corruption, and promote accountability.
- Increasing citizens' trust in government institutions through the use of Blockchain technology (BLOCKCHAIN).

30 Years of the Supreme Audit Institution of Kazakhstan: Development and International Cooperation



In 2026, the Supreme Audit Chamber of the Republic of Kazakhstan marks a significant milestone – the 30th anniversary of its establishment.

The Supreme Audit Institution of Kazakhstan was established on April 19, 1996, by a Decree of the President of the Republic of Kazakhstan as the Accounts Committee for Control over the Execution of the Republican Budget. The creation of the Supreme Audit Institution formed part of the institutional development of an independent Kazakhstan and the establishment of a system of public sector accountability as a prerequisite for sustainable national development.

Over three decades, Kazakhstan has built a comprehensive national system of state audit.

From an early stage, activities of the SAI Kazakhstan extended beyond traditional financial control. A more integrated system of state audit gradually took shape, focusing not only on identifying violations but also on improving the effectiveness of public administration.

A key milestone in this development was the adoption in 2015 of the Law of the Republic of Kazakhstan “On State Audit and Financial Control.” This legislation laid the foundation for the transition to the International Standards of Supreme Audit Institutions (ISSAIs) and further advanced the national audit system. It strengthened the legal and methodological framework, led to the establishment of the Coordination Council of State Audit and Financial Control Bodies, and introduced a National certification system for state auditors. These measures enhanced institutional stability and the professional capacity of state auditors.

A further impetus was provided by the constitutional reform of 2022, under which the Accounts Committee was transformed into the Supreme Audit Chamber of the Republic of Kazakhstan. This reform elevated the institution’s status and significantly expanded its mandate.

Today, the Supreme Audit Chamber of the Republic of Kazakhstan is an independent and powerful institution within the system of public administration, which ensures transparency, accountability, and the effective use of public funds.

The Supreme Audit Chamber pays particular attention to international cooperation. Its relations are aligned with Kazakhstan’s multi-vector foreign policy, enabling the development of partnerships at both regional and global levels.

30 Years of the Supreme Audit Institution of Kazakhstan: Development and International Cooperation

The SAI Kazakhstan remains open to cooperation and views it as an important tool for learning from international peers, as well as for introducing modern methodologies and innovative audit practices.

Since 2000, the SAI Kazakhstan has been a member of the International Organization of Supreme Audit Institutions (INTOSAI), as well as its regional organizations – ASOSAI and EUROSAI. Active participation in these platforms enables Kazakhstan not only to adopt advanced practices but also to contribute to the global audit agenda.

The Supreme Audit Chamber has signed more than 30 agreements and memoranda of understanding with foreign partners, reflecting its strong integration into the international audit community.

The SAI Kazakhstan actively participates in working groups and committees of INTOSAI, ASOSAI, and EUROSAI on topical areas of state audit, including IT audit, environmental audit, audit of the Sustainable Development Goals, and follow-up audit. This engagement helps to address emerging challenges and adapt national practices to evolving conditions.

The election of the Supreme Audit Chamber of Kazakhstan to the governing bodies of international organizations reflects its growing recognition. The SAI Kazakhstan was twice elected to the ASOSAI Audit Committee and, in 2024, was elected to the ASOSAI Governing Board. In September 2026, SAI Kazakhstan will host, for the first time, a meeting of the ASOSAI Governing Board in Astana.

A practical dimension of international cooperation is participation in international audits. Since 2015, the SAI Kazakhstan, together with the SAIs of Armenia, Belarus, Kyrgyzstan, and Russia, has been conducting annual external audits of the Eurasian Economic Union (EAEU) bodies, as well as audits of the processes for collection and distribution of import customs duties within the EAEU.

In 2024, a representative of the Supreme Audit Chamber of Kazakhstan was elected as an independent auditor of the International Anti-Corruption Academy (Austria) for a three-year term. In 2026, the SAI Kazakhstan conducted an audit of the financial statements of the Chamber of Accounts of Azerbaijan. These practices contribute to strengthening trust and cooperation between countries and enhancing the transparency of supranational institutions.

An important tool for professional development and quality assurance are peer reviews, conducted in line with INTOSAI international standards. They provide independent external assessments and support continuous improvement of internal processes. In recent years, peer reviews of the SAI Kazakhstan were carried out with the participation of the SAIs of Russia (2012), Estonia (2019), and a joint team of SAIs from Portugal, Lithuania, and Türkiye (2024-2025). The results of these peer reviews confirmed that the activities of the SAI Kazakhstan comply with international standards.

The Supreme Audit Chamber of Kazakhstan also cooperates with international financial and donor organizations, including the Asian Development Bank, the World Bank, the Islamic Development Bank, and UNDP, further strengthening its institutional capacity. In 2026, a partnership agreement was signed with the INTOSAI Development Initiative (IDI), under which the SAI Kazakhstan will, for the first time, act as a peer partner for SAIs of Central Asian countries. During 2026-2029, the Supreme Audit Chamber of Kazakhstan will share its experience to help strengthen the capacity of regional audit institutions.

The 30-year journey of the Supreme Audit Chamber of the Republic of Kazakhstan reflects steady institutional development, professional growth, and gradual integration into the global audit community. Today, the SAI Kazakhstan not only ensures oversight of the effective use of public resources but also promotes the principles of transparency and accountability that underpin sound public governance.

Amid growing global challenges, the role of Supreme Audit Institutions continues to expand. The experience of the Supreme Audit Chamber of Kazakhstan demonstrates that a strong, independent, and professional audit institution is an essential element of an effective state.

The State Financial and Administrative Audit Authority Hosts the Young Leaders Program for Supreme Audit Institutions in Cooperation with the INTOSAI Development Initiative (IDI)

As part of the Authority's commitment to hosting and delivering international events in the field of financial and administrative audit, and in support of knowledge exchange and global best practices, the State Financial and Administrative Audit Authority hosted the fourth edition of the Young Leaders Program for Supreme Audit Institutions, in cooperation with the INTOSAI Development Initiative (IDI).

The program was considered one of the most prominent global initiatives aimed at empowering young leaders within Supreme Audit Institutions, launched by the INTOSAI Development Initiative (IDI). It aimed to drive positive change and development among the staff of audit institutions by equipping them with modern tools needed to enhance performance.



The Sultanate of Oman Participates in the Meetings of the Executive Council and the General Assembly of the Arab Organization of Supreme Audit Institutions (ARABOSAI) in Jeddah

The Sultanate of Oman, represented by the State Financial and Administrative Audit Authority, participated in the meetings of the fifteenth session of the General Assembly and the 69th & 70th meetings of the Executive Council of the Arab Organization of Supreme Audit Institutions (ARABOSAI), hosted by the General Court of Audit in the Kingdom of Saudi Arabia.

The delegation of the Sultanate of Oman was headed by His Excellency Sheikh Ghuson bin Hilal Al-Alawi, Chairman of the State Financial and Administrative Audit Authority, with the participation of Their Excellencies heads of delegations from the Supreme Audit Institutions that are members of the Executive Council and the General Assembly.

The State Financial and Administrative Audit Authority of the Sultanate of Oman presented a working paper titled 'Foundational Track' during the technical seminar held alongside the General Assembly sessions. The paper focused on reviewing the successful experiences of supreme audit institutions in developing the institutional capacities of their members and highlighted the Authority's experience in the training track for newly appointed employees. This track aimed to achieve several key objectives, including strengthening leadership and behavioral competencies, reinforcing the values of discipline and responsibility, and enhancing members' scientific and technical knowledge.

The Chairman of the State Financial and Administrative Audit Authority Heads the Sultanate of Oman's Delegation at the INCOSAI Conference of the International Organization of Supreme Audit Institutions (INTOSAI) in Sharm El-Sheikh

The Sultanate of Oman, represented by the State Financial and Administrative Audit Authority, participated in the 25th INCOSAI Conference of the International Organization of Supreme Audit Institutions (INTOSAI), which was held from October 27 to 31 in Sharm El-Sheikh, the Arab Republic of Egypt. The Omani delegation was headed by H.E. Sheikh Ghuson bin Hilal Al Alawi, Chairman of the State Financial and Administrative Audit Authority, and was accompanied by a number of specialists of the Authority.

On the other hand, H.E. Sheikh Ghuson bin Hilal Al Alawi, Chairman of the State Financial and Administrative Audit Authority, met with several heads of counterpart SAIs from brotherly and friendly countries. The meetings covered ways to enhance cooperation and strengthen relations in areas of exchanging expertise and developing the skills and competencies of the Authority's staff.



The State Financial and Administrative Audit Authority Hosts a Forum on Comparative Experiences in the Governance of Government Entities

Within the framework of implementing the 2025 action plan in the fields of training and research for the Arab Organization of Supreme Audit Institutions (ARABOSAI), the State Financial and Administrative Audit Authority hosted a Forum entitled "Comparative Experiences in the Governance of Government Entities"

The Forum aimed to enable participants to gain insights into best practices in the governance of government entities by presenting the national experiences of participating States and focusing on the tools, legislations, and mechanisms followed to enhance governance in public sector performance.

State Financial & Administrative Audit Authority Participates in ARABOSAI and ASOSAI Joint Meeting



The State Financial and Administrative Audit Authority participated in the First Joint Meeting between the Arab Organization of Supreme Audit Institutions (ARABOSAI) and the Asian Organization of Supreme Audit Institutions (ASOSAI), held on July 18-19 in Baku, Azerbaijan. The Authority's delegation was headed by Her Excellency Zahra bint Mohammed Redha Al Lawati, Deputy Chairman for Audit of Authorities, Investments, and Companies, accompanied by a number of specialists from the Authority.

The meeting featured presentations by the Knowledge Sharing Committee, the Capacity Building Committee, the Policy, Finance and Administration Committee, and the Institutional Capacity Development Committee. These presentations highlighted the mandates assigned to each committee and discussed ways to enhance cooperation between ARABOSAI and ASOSAI.

Featured Articles



Introduction

Economic resources around the world are spread over both the land and water areas. Among them, oceans alone cover around 71% of the Earth's surface, housing 90% of living organisms, providing food security to over three billion people, helping transportation of over 80% global goods and facilitating 98% of global internet traffic through sea-cables (OECD, 2025). The values that oceans bring, therefore, assume importance in the larger context of Blue Economy, which through "sustainable use of oceans' resources for economic growth, improved livelihood and jobs while preserving the health of the ecosystem" balances different aspects of economy, livelihood and environment (World Bank, 2017). An UNCTAD report (2021) estimated the export value in ocean-based industries, spreading over several sectors, at \$2.5 trillion (UNCTAD, 2021), as shown in Figure 1 below.

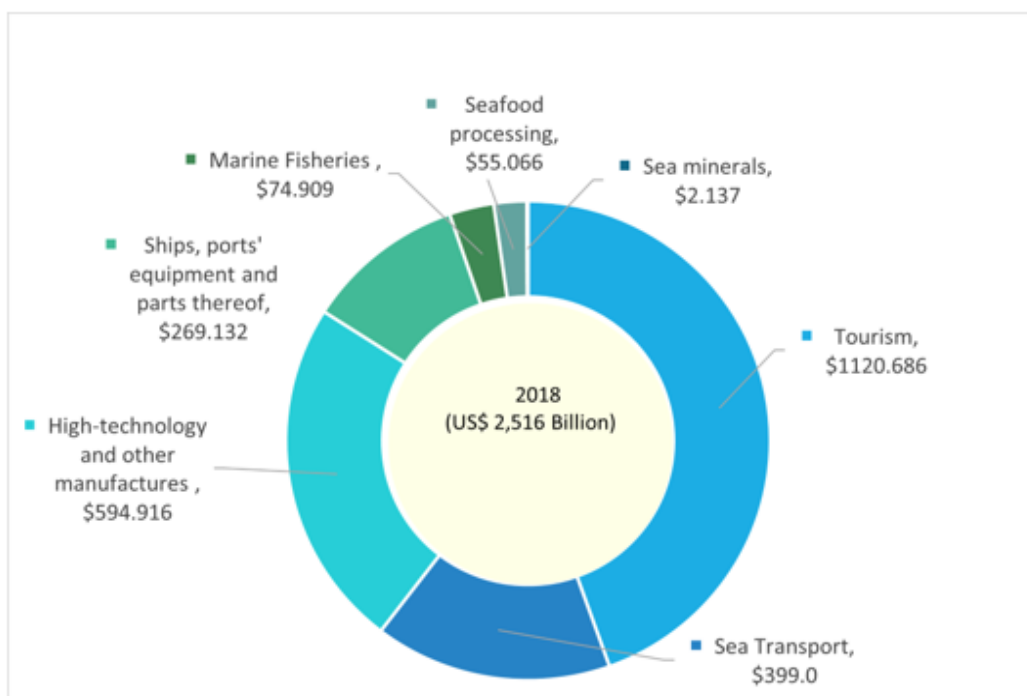


Figure 1: Volume and Spread of Ocean-based Industries in 2018

Source: UNCTAD calculations based on UNCTADStat and World Travel and Tourism Council data (2020).

SDG 14 and Co-benefits of Achievements under SDG-14

United Nations, recognising the importance of ocean economy and environment, adopted in 2015, Sustainable Development Goal (SDG) 14 as one of the 17 SDGs, to 'conserve and sustainably use the oceans, seas and marine resources for sustainable development'. A 2020 study by Johansen and Vestvik had estimated that around \$175 billions of funding would be required every year until 2030 for achievement of targets under SDG-14. However, in the period between 2015-19, only \$10 billion had been provided (WEF, 2022). Of the 17 SDGs outlined by the United Nations 2030 Agenda in 2015, the ocean goal is the least funded (WEF, 2022).

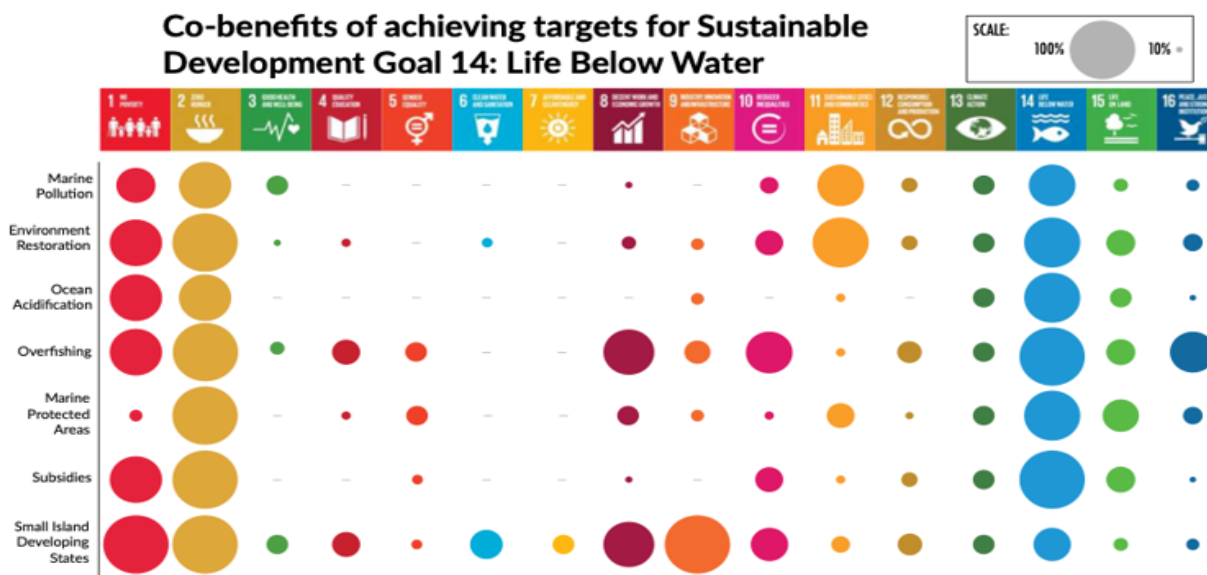


Figure 2: Co-benefits of achieving SGD-14 targets on other targets

Source: www.nereusprogram.org (2017).

Preventing and significantly reducing marine pollution of all kinds; sustainably managing and protecting marine and coastal ecosystems to avoid significant adverse impacts; minimising and addressing the impacts of ocean acidification; effectively regulating harvesting and ending overfishing; conserving coastal and marine areas; prohibiting fisheries subsidies which contribute to overcapacity and overfishing; increasing the economic benefits to Small Island Developing States (SIDS) and least developed countries from the sustainable use of marine resources, including through sustainable management of fisheries, aquaculture and tourism, etc. are some of the targets set under the SDG 14 (United Nations, n.d.). Based on scientific expert consultation, a 2017 study of Nippon Foundation-Nereus Program developed linkages between progress in each of the above target and co-benefits with other SDGs, showing all-pervading influence of coastal, marine and ocean resources across different SDGs (Figure 2).

Blue Economy in the Indian Context

In India, Blue Economy has assumed enhanced focus in the policy parlance in recent times. The Draft Policy on India's Blue Economy, along-with the reports of seven Working Groups on different sectors of the Blue Economy, released by the Prime Minister's Economic Advisory Council (2020) provided a comprehensive framework for the important Blue Economy sectors. SAI India during its SAI20 Chair tenure in 2023 chose Blue Economy as a key focus area. There have been further developments in studying different aspects of Blue Economy, especially after the High Seas Treaty was agreed upon in 2023.

NITI Aayog in its recent report (2025) titled, "India's Blue Economy: Strategy for Harnessing Deep-Sea and Offshore Fisheries" highlighted the need for infrastructure development, monitoring, control and surveillance to explore these relatively unexplored areas. Ministry of Earth Sciences (2025), in its recent report titled, "Transforming India's blue economy: Investment, innovation and sustainable growth" emphasised the need for a strategic investment roadmap to 2035, highlighting short-, medium- and long-term priorities across sectors and systems with need, inter alia, for improving coordination between ministries and institutions, attracting more private and global investment, and scaling successful and replicable state and local models. Turning Marine waste to value, through waste management is also emerging as an economically valuable and environmentally sustainable proposition (Poornima, V.B., 2026). In its 2025 study, KPMG identified sectors like fisheries, tourism and maritime activities driving India's Blue Economy and future opportunities in sectors like renewable energy, sustainable aquaculture, coastal development and marine biotechnology, to make considerable progress in food security, health, climate change mitigation and achieving sustainable development.

Selection of Blue Economy as a Focus Area under the INTOSAI WGEA

It is in the above context, SAI India during the ongoing Work Plan 2026-28 has chosen to lead the Project on Blue Economy, with two main goals, i.e. to develop guidance on conducting environmental audits of Blue Economy, and to focus on emerging areas, innovative methodologies, and effective reporting while auditing Blue Economy sectors. As a part of this Project, SAI India in collaboration with other SAIs, would develop a Guidance Document on conducting environmental audits of the Blue Economy. The Guidance Document will focus on emerging areas under the broad themes of Blue Economy while leveraging innovative methodologies. Since Blue Economy sectors are multifaceted, it would be unwieldy to approach all of them from a single yardstick. Thus, SAI India conducted a detailed survey amongst some of its related field audit offices. Based on the responses to the survey, literature review and extensive deliberations, SAI India identified the following four probable themes to seek suggestions of INTOSAI WGEA members to focus on any one or two themes:

- a. Fisheries and aquaculture
- b. Coastal and marine tourism
- c. Coastal and marine pollution and waste management
- d. Coastal zone ecosystem management

It was decided that to carry out the project focussing on any one theme, willingness of at least three members would be required for the same, with a cap of maximum six SAIs under each selected theme. SAI India sought views, willingness and suggestions of other members of INTOSAI WGEA by the end of 2025, to take the Project forward. SAIs of Thailand, Vietnam, Zambia, Oman and Algeria expressed their willingness to join the theme on 'Coastal and marine pollution and waste management' while SAIs of Thailand, Vietnam, Bulgaria and Algeria expressed willingness to join the theme on 'Coastal zone ecosystem management'. Therefore, these two themes have been selected for development of detailed guidelines for audit. The detailed guidance on the selected theme would include guidance on audit planning, evidence gathering, analysis, structure and content recommendations for audit reports, along-with documentation of training needs and knowledge gaps, to suggest appropriate training on the selected themes. The Project will be also guided by the spirit of leveraging cutting-edge technology along-with traditional auditing methods. The use and analysis of big-data, geo-spatial data, remote sensing and drone technologies, AI-ML Learning Applications will showcase the utility of these new-age technologies for auditors.

The development of the Guidance Document would follow a Level 1 Quality Assurance Procedure as prescribed for non-IFPP documents by INTOSAI and would require approval of the INTOSAI Goals Committee or designated approval body at three stages: at the stage of detailed project proposal, exposure draft and final endorsement version. Therefore, the quality of the document would be quite robust by its standard.

Conclusion

Deep-rooted significance of Blue Economy in the national and global economy and interconnection of SDG 14 with the achievement of many other SDGs, necessitate that SAI community delve deeper into auditing multiple themes of the Blue Economy and ocean resources. Development of a Blue Economy Audit Guideline, led by SAI India, would be the first of its kind and a significant pointer for Audit from the Footnote in perspective¹. Taking up two themes under the Work Plan 2026-'28, i.e., 'Coastal and marine pollution and waste management' and 'Coastal zone ecosystem management', along-with a backdrop on how audit of Blue Economy should be approached in totality while leveraging new age technologies would help this Guidance Document establish its relevance to the INTOSAI community in the rapidly changing auditing landscape.

¹ Development of a Guidance document on "Auditing Sustainable Fisheries Management" was done by the SAI of South Africa in 2010, along-with other SAI members in the team.

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*****END*****

ASOSAI Capacity Development Activities



Audit Review Meeting of ASOSAI Capacity Development Program 2024-2025 on “Dealing with Fraud and Corruption in Auditing” (December, 2025)

The Audit Review Meeting of ASOSAI Capacity Development Program on “Dealing with Fraud and Corruption in Auditing” was held in Jakarta, Indonesia from December 1 to 5, 2025 with the administrative support of SAI Indonesia. Following the nine-week eLearning course held in 2024 and the sub-regional Audit Planning Meetings held in early 2025, leaders of 20 SAI teams were respectively invited to attend as the final event of the program. At the meeting, the participants discussed challenges faced while developing their audit reports as well as shared various views and good practices related to auditing fraud and corruption. Some participants have also presented their audit experiences based on their submitted audit report. For the meeting, four Resource Persons from SAIs of Bhutan, Indonesia, Malaysia and Nepal facilitated the discussion with the support of the Program Manager from SAI Türkiye and the Subject Matter Expert from SAI Thailand. Representative of the Capacity Development Administrator of ASOSAI (SAI Japan) also attended the meeting for organizing the event.

The meeting was conducted successfully, marking the conclusion of the two-year Capacity Development Program.



Tentative schedule of ASOSAI capacity development activities for 2026 (As of the end of March 2026)

Year	Date	Event	Venue
2026	June (TBD)	Instructors' Design Meeting for ASOSAI Capacity Development Program 2026 (Workshop) on "Performance Audit on Public Works Projects"	Tokyo, Japan
	October (TBD)	ASOSAI Capacity Development Program 2026 (Workshop) on "Performance Audit on Public Works Projects"	Malaysia
	November (TBD)	ASOSAI Seminar (Theme: System of Audit Quality Management)	Türkiye

Email/ Web Pages of Member SAIs



Email / Webpage Addresses Of Member SAIs

SAI	Email address	Webpage
Afghanistan	saoaf.int@gmail.com, info@sao.gov.af	www.sao.gov.af
Armenia	intrel@armsai.am	http://armsai.am/en
Australia	external.relations@anao.gov.au	https://www.anao.gov.au/
Azerbaijan	office@sai.gov.az, international@sai.gov.az	www.sai.gov.az
Bahrain	info@nao.gov.bh, tr.ir@nao.gov.bh	www.nao.gov.bh
Bangladesh	international@cagbd.org iaw@cag.org.db	http://www.cagbd.org
Bhutan	info@bhutanaudit.gov.bt	www.bhutanaudit.gov.bt
Brunei Darussalam	info@audit.gov.bn	www.audit.gov.bn/
Cambodia	ir.audit@naa.gov.kh	www.naa.gov.kh
China	cnao@audit.gov.cn	www.audit.gov.cn
Cyprus	cao@audit.gov.cy, akikas@audit.gov.cy	www.audit.gov.cy/
Georgia	iroffice@sao.ge	www.sao.ge
Iran	pria@dmk.ir,pria.sac@yahoo.com	www.dmk.ir
India	cag@cag.gov.in; ir@cag.gov.in	http://cag.gov.in
Indonesia	international@bpk.go.id	www.bpk.go.id
Iraq	bsa@d-raqaba-m.iq, bsairaq@yahoo.com	www.d-raqaba-m.iq

Email / Webpage Addresses Of Member SAIs

SAI	Email address	Webpage
Israel	int_relations@mevaker.gov.il	www.mevaker.gov.il
Japan	liaison@jbaudit.go.jp	www.jbaudit.go.jp/english/index.html
Jordan	info@ab.gov.jo	www.ab.gov.jo
Kazakhstan	int.rel@esep.gov.kz	www.esep.kz
Korea	koreasai@korea.kr	www.bai.go.kr
Kuwait	IR@sab.gov.kw	www.sab.gov.kw
Kyrgyzstan	esep@esep.kg	www.esep.kg
LAO-PDR	ird.sao.la@gmail.com	
Malaysia	international@audit.gov.my	www.audit.gov.my
Maldives	niyazy@audit.gov.mv, info@audit.gov.mv	www.audit.gov.mv
Mauritius	cromooah@govmu.org	http://nao.govmu.org
Mongolia	mnao@audit.gov.mn	www.audit.mn
Myanmar	oagmac@gmail.com, ird@e-unionauditor.gov.mm	www.oagmac.gov.mm
Nepal	rayatoyam07@gmail.com, hrd_jr@ oagnep.gov.np, ag@oagnep.gov.np	www.oagnep.gov.np
New Zealand	international@oag.parliament.nz	www.oag.parliament.nz
Oman	chairman@sai.gov.om, intr@sai.gov.om	www.sai.gov.om

Email / Webpage Addresses Of Member SAIs

SAI	Email address	Webpage
Pakistan	saipak@comsats.net.pk	www.agp.gov.pk/
Palestine	acb@saacb.ps,pr@saacb.ps, yhantash@saacb.ps	http://www.saacb.ps
Papua New Guinea	agopng@ago.gov.pg, GKega@ago.gov.pg	www.ago.gov.pg
Philippines	cho@coa.gov.ph, lqmartin@coa.gov.ph, int_rel@coa.gov.ph	www.coa.gov.ph
Qatar	info@sab.gov.qa, communication.office@sab.gov.qa	www.sab.gov.qa
Russia	intrel@ach.gov.ru	www.ach.gov.ru/en/
Saudi Arabia	ird@gab.gov.sa	www.gab.gov.sa/
Singapore	ago_sai_singapore@ago.gov.sg	www.ago.gov.sg
Sri Lanka	gamini2@hotmail.com, ag@auditorgeneral.gov.lk	www.auditorgeneral.gov.lk
Tajikistan	chairman@sai.tj ; info@sai.tj	www.sai.tj
Thailand	int_rela@oag.go.th	www.audit.go.th
Turkey	int.relations@sayistay.gov.tr, sayostay@gov.tr	www.sayistay.gov.tr/
U.A.E.	president@saiuae.gov.ae	www.saiuae.gov.ae/
Uzbekistan	hp@ach.gov.uz	
Vietnam	vietnamsai@sav.gov.vn, vietnamsai@gmail.com	www.sav.gov.vn, www.kiemtoannn.gov.vn
Yemen	ech_coop2007@yahoo.com, gogo13026@gmail.com	

Other Important Email/webpage Addresses

Organization	Email address	Webpage
INTOSAI	intosai@rechnungshof.gv.at	www.intosai.org
ASOSAI	gs@asosai.org	www.asosai.org
EUROSAI	eurosai@tcu.es	www.eurosai.org
OLACEF	relacionesinternacionales@contral (Executive Secretariat, SAI of Chile) PresidenciaOLACEFS@asf.gob.mx (Presidency of OLACEFS, SAI of Mexico)	www.olacefs.comoria.cl
PASAI	enquiry@oag.govt.nz	www.pasai.org
ARABOSAI	secretaire.general@courdescomptes .nat.tn, contact@arabosai.org	www.arabosai.org
INTOSAI Development Initiative (IDI)	idi@idi.no	www.idi.no
INTOSAI Community Portal	ir@cag.gov.in	www.IntosaiCommunity.net



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