



# Asian Journal of Government Audit

April 2008

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# *Editorial*

It gives us great pleasure in bringing to you the 30<sup>th</sup> edition of the Asian Journal of Government Audit. This is my first issue as the editor of the journal since I took over from Mr. K.P. Lakshmana Rao in March 2008.

The first issue of the ASOSAI Journal was brought out in 1983 and since then ASOSAI has gained strength from its ever increasing membership and capacity building efforts. Our training programmes cater to the needs of the SAs in the region, and we are increasing our efforts to meet the challenges of emerging issues in audit and audit techniques. This issue provides several interesting articles in areas such as the administration of grant funding, on the job training, understanding of sector wide approaches, promotion of good governance, and performance audit of IT architecture.

From this edition onwards, we have decided to print a limited number of copies of the journal. The journal would however, continue to be available on the website of the ASOSAI.

This journal is the result of the composite efforts of the member countries of ASOSAI. I request all member SAs to send us their contributory articles on interesting developments, best practices and innovations in their respective SAs for the benefit of the audit fraternity.

*Sudha Krishnan*  
**(Sudha Krishnan)**

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## **Establishment of Task Forces**

The XIX INCOSAI in Mexico City established two Task Forces to:

- (i) Update the INTOSAI Strategic Plan 2010-2015 and
- (ii) Develop a proposal for donor funding of INTOSAI projects.

The Governing Board established these Task Forces under the mandate of the Finance and Administration Committee. Mr. David Walker, Auditor General, USA was appointed as the Chair of the Task Forces. In their roles as the Chairs of the Goal 1, 2 and 3, the Auditors General of Denmark, Morocco and India respectively were made members of the both the Task Forces. The Secretary General of INTOSAI and INTOSAI Development Initiative are also members of the Task Forces.

## **Global Working Group**

The 9<sup>th</sup> Global Working Group (GWG) meeting was held from 1-3 April 2008 at Marrakech, Morocco. The meeting was attended by 14 SAIs and was chaired by Dr. Ahmed El Midaoui, First President, Court of Accounts, Morocco.

Some of the important papers discussed during the meeting were as follows:

- SAI-Australia presented a paper highlighting the issue of diffuse accountability in cross cutting programme implementation on account of lack of clear ownership. It was suggested that SAIs can work and give a broad overview and examine if departments are working at cross purposes.

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- SAI-Canada presented a paper stating that IFRS would be implemented in public sectors by 2011. The opportunities at IPSAS-B for bringing the concerns of SAIs was also emphasized.
- A paper on Performance Audit of Social Security Services was presented by SAI-India. The participating SAIs shared their experiences in the social security audit. SAI-Mexico informed about their innovative audit approach called centricity audit i.e. select highly marginalized regions and review all the programmes in that region to see whether socio economic transformation has indeed taken place or not. SAI-Netherlands explained the use of Remote Sensing Technology for audit of tsunami relief work. Similarly, other SAIs informed about the use of CAATS in audit, vertical and horizontal comparison etc.
- SAI-UK presented a paper on handling of citizen's personal data and highlighted the issue of security concerns.

### **8<sup>th</sup> ASOSAI Research Project on “Guidance on conducting Environmental Audit”.**

The 2<sup>nd</sup> meeting of the 8<sup>th</sup> ASOSAI research project on “Environment Audit Guidelines” was held at Beijing, China from 23-25 January 2008. The meeting was expected to assess the environmental concerns in all ASOSAI member nations, and was attended by all the 5 members of the research team from the SAIs of China, India, Malaysia, Pakistan and Saudi Arabia.

The main highlights of the second meeting are as follows:

- The title of the research project has been changed from “Environment Audit Guidelines” to “Guidance on Conducting Environmental Audit”. This change is in compliance with the suggestions and approval in the 38<sup>th</sup> meeting of the Governing Board of ASOSAI held in Kuwait in September 2007 wherein it was considered that “Guidance on conducting Environmental Audit” is a more practical approach in view of the fact that the regulation governing environment and audit of the environment are different in different ASOSAI nations.
- Besides the methodology of guidance, the research team fixed the responsibilities of the team members against the items of work as envisaged in the road map. The road map has been made much more exhaustive with clear cut responsibilities and at the same time the final target time has been kept the same.
- As per the schedule a draft report would be sent to all members for suggestions by March 2009.
- A report would be presented to the ASOSAI Secretariat by May 2009.

The meeting schedule of the 8<sup>th</sup> ARP is as follows:

- 3<sup>rd</sup> Meeting: July 2008 in Malaysia
- 4<sup>th</sup> meeting: December 2008 in Pakistan and
- 5<sup>th</sup> meeting: March 2009 in Saudi Arabia.



### **ASOSAI AND JICA Sponsored Workshop**

The Asian Organization of Supreme Audit Institutions (ASOSAI) organized the second batch of the **ASOSAI Seminar on Challenges of New Audit Frontiers** on the theme “*How to Develop and Manage Human Resources to deal with Emerging Audit Issues*” from November 19 to 29, 2007. The seminar was sponsored by the Japan International Cooperation Agency (JICA) and was held at the Institute for International Cooperation (IFIC) in Tokyo, Japan. A total of 14 officers, representing 12 SAIs, attended the seminar.

The SAI representatives presented their country papers on themes which highlighted the SAI’s audit systems; the policies, procedures and practices peculiar to its own human resource management system; and emerging audit issues vis-à-vis how the SAI manages these issues.

As a result of the country paper presentations, the participants identified emerging audit issues common to each of the SAIs. Working in groups, they discussed extensively the various strategies and approaches to cope with the demands posed by these significant audit issues to the SAI’s human resources development. These group outputs were presented and reviewed in the plenary.

A visit to Kyoto and Nara was organized to learn about Japan’s culture and religion. The visit to the Audit Office of Nara Prefecture was very informative as its officers briefed the ASOSAI-JICA participants of the Prefecture’s internal audit operations and activities.

The participants also paid a courtesy call on the President of the Board of Audit of Japan. President, Muneharu Otsuka, briefed the participants of the Board’s expanded functions and the resulting demands on Board’s discharge of its mandate. He stressed that the new mandate signifies the trust and confidence of the Diet on the Board’s capability and integrity as an independent external audit institution.

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Further details of the seminar are available at the ASOSAI website ([www.asosai.org](http://www.asosai.org))

### **ASOSAI Sponsored Workshop On Financial Audit in an IT Environment**

The ASOSAI Sponsored Workshop on Financial Audit in an IT Environment was delivered in Lahore, Pakistan from December 3 to 14, 2007. The workshop was attended by 27 participants from 25 SAIs. The office of the Auditor General of Pakistan rendered administrative support to the workshop.

The Workshop was designed by an instructors' team comprising of two instructors from SAI India, four ASOSAI Training Specialists from SAIs of Kyrgyzstan, Malaysia, Mongolia and Philippines and a Subject Matter Expert from SAI Indonesia.



Participants of the ASOSAI sponsored Workshop

The instructors' team meeting was held in Jakarta in Indonesia, from September 17 to 28, 2007, with administrative support of the Audit Board of the Republic of Indonesia. The course materials were developed by modifying

course materials of the regional workshops implemented in the past, adding subsequent developments in the related auditing fields.

The team's design work was assisted by Mr. Alief Handoko, the Audit Board of the Republic of Indonesia as a Subject Matter Expert (SME). The course materials were then further enhanced by the above training specialists and instructors at their respective SAIs, and during a three-day pre-workshop meeting in Lahore, Pakistan.



The Instructor's Team in Jakarta, Indonesia

### **The Instructor's team in Jakarta, Indonesia**

The instructors' team revised the materials after the delivery, considering their own delivery experience and feedback from participants during the workshop. The materials contained in a CD-ROM consisting of the final version has been sent to all the member SAIs by the Administrator of the Training Programmes of ASOSAI, i.e. Board of Audit, Japan.

### **E-Enabled Blended Training Programme for Trainers (EBTPT)**

During the 38<sup>th</sup> meeting of the Governing Board of ASOSAI which was held in Kuwait in September 2007, under the training activities, INTOSAI Development Initiative came up with a proposal for an e-enabled blended training programme for trainers (EBTPT) in 2008. The proposed programme is a combination of e-learning technology and traditional classroom training to create a new pool of 40 new master trainers possessing competence in both adult training techniques and audit. The proposed components of the programme were as follows:

- 1) Selection of participants from eligible members SAIs who are not members of another region.
- 2) Design and delivery of the e-learning component of the blended training programme and
- 3) Two-week classroom workshop for training in adult learning techniques for which e-learning may not be the appropriate mechanism

It was further proposed in the aforesaid meeting of the Governing Board that the pool of master trainers created as a result of the above activities would be used to deliver ASOSAI-wide programmes in future. The INTOSAI Development Initiative would co manage all the above-mentioned components including the funding of the components 1& 2. However, funds for component 3 would be financed by ASOSAI from its own funds with a training budget. The Governing Board approved the proposal to launch the EBTPT and to provide funds from ASOSAI.

### **INTOSAI Development Initiative ASOSAI Quality Assurance Programme**

During the 38<sup>th</sup> meeting of the ASOSAI Governing Board, ASOSAI and INTOSAI Development Initiative agreed to cooperate on a programme for strengthening the quality assurance function. To start the project, both ASOSAI and INTOSAI Development Initiative jointly conducted a capacity building needs assessment in the ASOSAI region. One of the findings was the need for strengthening quality assurance (QA) systems in several SAIs. Consequently, it was agreed with ASOSAI in September 2007 that a programme for strengthening quality assurance processes in selected member SAIs would be designed and delivered based on the results of the above-mentioned need assessment study and the willingness of SAIs to participate and commit to the programme.

Before starting these activities, INTOSAI Development Initiative and ASOSAI in cooperation with the National Audit Authority of Cambodia agreed to hold a 3-day “strategic planning meeting” for Quality Assurance Programme from 3<sup>rd</sup> to 5<sup>th</sup> December 2007 at Hotel Cambodiana, Phnom Penh, Cambodia.





The heads or representatives of 10 Supreme Audit Institutions (SAIs) were invited to participate in the meeting including Bhutan, Lao PDR, Cambodia, Mongolia, China, Nepal, Indonesia, Philippines, Iran, and Vietnam.

The objectives of this strategic planning meeting was to:

1. Agree on the desired outcomes of the INTOSAI Development Initiative ASOSAI Quality Assurance Programme
2. Agree on the activities required to achieve the desired outcomes
3. Agree on the level of SAI staff that should participate in the rest of the program
4. Sign a memorandum of understanding (MOU) with each of the participating heads of SAIs (or senior representative) to ensure commitment of the target SAIs, ASOSAI and the INTOSAI Development Initiative to make this important Quality Assurance Programme a success.

During the meeting, delegates from 10 SAIs signed cooperation agreements for implementing activities in 2008. The meetings concluded successfully achieving their goals of agreeing on the programs' outcomes, activities, schedules, and participating criteria.

As stakeholders of the ASOSAI INTOSAI Development Initiative Quality Assurance Programme, the 10 SAIs agreed to the programme design described to fulfill their roles and responsibilities to the best of their ability so as to ensure that the programme activities are carried out successfully and the expected programme outcomes are achieved.

Later on, in March 2008, an instructor's design meeting was held for three weeks in Laos. 9 officers from 9 member SAIs participated in the design

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meeting with two nominees from INTOSAI Development Initiative and an SME from South Africa. The expected outputs of the meeting were:

1. Structured participatory courseware on quality assurance in financial audits and
2. A draft hand book on quality assurance in financial audits.



The main purpose of the handbook was to reflect again on the importance of the QA and provide practical guidance on setting and managing a QA function and undertaking QA reviews at both institutional and financial audit levels. While preparing the handbook, the need to update the handbook in line with the changing circumstances was also emphasized.

Future activities under the QA programme are as follows:

Programmes	Date	Venue
Workshop on ASOSAI INTOSAI Development Initiative Quality Assurance	4-16 August 2008	Mongolia
Review Meeting of ASOSAI INTOSAI Development Initiative Quality Assurance	November/early December 2008	Indonesia

## New Heads of SAI



**Ahmed Ataul Hakeem, FCMA**

Comptroller and Auditor General of Bangladesh

Mr. Ahmed Ataul Hakeem, FCMA has been appointed as the 10<sup>th</sup> Comptroller and Auditor General of Bangladesh on February 12, 2008. The former Comptroller and Auditor General of Bangladesh retired on January 1, 2008 on completion of his tenure. Mr. Hakeem was born on 30 June 1952 in Rajbari, Bangladesh

Mr. Hakeem did his BA (Hons.) & MA in Economics from the University of Dhaka, Bangladesh. He also has an MSS in Development Finance from the Birmingham University, UK, Certificate in Public Sector Budgeting from Harvard University, USA and Post Graduate Diploma in Management from the Bangladesh Open University

He is a Fellow of the Institute of Cost and Management Accountants of Bangladesh (FCMA)

Mr. Ahmed Ataul Hakeem joined the Bangladesh Civil Service: Audit and Accounts Cadre in March 1979.

During his illustrious career in the Civil Service, Mr. Hakeem worked in both accounts offices and audit directorates of the Audit and Accounts Department. After the introduction of Departmental Accounts system through the newly formed offices of the Chief Accounts Officers for the



## New Heads of SAI

Ministries, he became the first ever Chief Accounts Officer of the Government of Bangladesh.

Mr. Hakeem worked as the Director/Deputy Secretary in the Budget Wing of the Finance Division, Ministry of Finance from 1991-1997. He became the Director General of Audit Department in 1997 and was head of Financial Management Academy (FIMA) for 5 years. He also carried out duties as Director General Civil Audit Directorate. In 2004-2005, he was posted as the Deputy Comptroller and Auditor General (Senior) at the Office of the Comptroller and Auditor General of Bangladesh. Prior to his appointment as the 10<sup>th</sup> Comptroller and Auditor General of Bangladesh, he served as the Controller General Defence Finance of the Ministry of Defence.

Mr. Hakeem is married, has a son and a daughter.

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## New Heads of SAI



**Mr Liu Jiayi**

Auditor General of the National Audit Office of China

Mr Liu Jiayi was born in August 1956 in Chongqing China. He is a PhD in economics and is an honorary professor of the Renmin University, the Southwestern Jiaotong University, the Southwestern University of Finance and Economics and the Nanjing Audit University.

Mr Liu Jiayi is currently a member of United Nations Board of External Auditors; the Chairman of ASOSAI and the Chairman of ASOSAI Working Group on Environmental Audit.

From February 1980 to December 1984, Mr Liu worked as a clerk in Sichuan Provincial Department of Public Finance. From December 1984 to February 1989, he was a Deputy Divisional Director in Sichuan Provincial Audit Department. From February to December 1989, Mr Liu served as a divisional director of Chengdu Resident Office of the National Audit Office of China. From December 1989 to August 1992, Mr Liu was the Deputy Director General at Chengdu Resident Office of the National Audit Office of China. From August 1992 to September 1996, Mr Liu worked as deputy director general and later Director General of the Commerce and Trade Audit Department of the National Audit Office of China. Since September 1996, Mr Liu Jiayi had been the Deputy Auditor General of the National Audit Office of China till March 17, 2008 when

## New Heads of SAI

he was appointed Auditor General of the National Audit Office of China at the 1<sup>st</sup> plenary session of the 11<sup>th</sup> National People's Congress of China.

Mr Liu Jiayi has presided over the drafting and development of many laws, regulations and techniques and manuals in the field of audit in China. He has presided over some major research projects including "Bank Credit Management and A Feasibility Study", "Performance Audit of Public Expenditures" and "Data Collection and Processing in IT Audit" etc. Mr Liu Jiayi is the author of books such as Macro Control and Public Finance Policy, Cost Audit and Basic Methods of Performance Auditing etc. and many of his articles and papers have been published in leading journals and newspapers in China.

Mr Liu Jiayi is married and has one daughter.

## New Heads of SAI



**Mr Vinod Rai**

Comptroller & Auditor General of India

Mr. Vinod Rai took over as the Comptroller & Auditor General of India on 7th January 2008. Mr. Rai has wide experience of working in various capacities at both the Federal and State Governments. His previous position was as Secretary in the Ministry of Finance, Government of India, where he was responsible for managing the Financial Services sector, including banks and insurance companies. He was on the Board of Directors of the biggest corporate banks of India including the State Bank of India, Industrial Credit and Investment Corporation of India Bank, Industrial Development Bank of India, and Life Insurance Corporation of India and Infrastructure Development and Finance Company of India. Mr. Rai was instrumental in setting up the India Infrastructure Finance Company and remained on its Board for several years. Mr. Rai has also been the Principal Secretary (Finance) in the State Government of Kerala, apart from holding senior positions in the Ministries of Commerce and Defence, Government of India.

Mr. Rai's responsibilities as Comptroller & Auditor General of India include membership of the U.N. Panel of External Auditors and the Governing Board of the International Organization of Supreme Audit Institutions (INTOSAI). He is also member of the Professional Standards

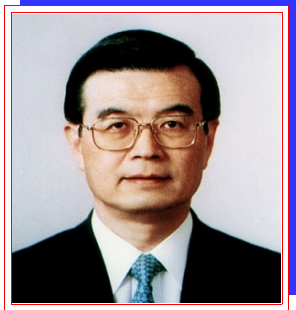
## **New Heads of SAI**

Committee and Sub Committee on Compliance Audit of INTOSAI. He also has the responsibility of steering the INTOSAI Working Group on IT Audit and Knowledge Sharing Committee as Chairman of these committees. He is a member of the Working Group on Environmental Auditing and Working Group on Public Private Partnerships. Mr. Rai takes on the position of Secretary General of the Asian Organization of Supreme Audit Institutions (ASOSAI).

Mr. Vinod Rai (born on 23.05.1948) has a Masters Degree in Economics from Delhi School of Economics, University of Delhi, India. He has a Masters Degree in Public Administration from Harvard University, USA.

He is a keen tennis player and his other interests include cricket and mountaineering.

## New Heads of SAI



**Mr Kazuhiko Fushiya**

President of the Board of Audit of Japan

Mr. Kazuhiko Fushiya assumed office as President of the Board of Audit of Japan on February 15, 2008, succeeding Mr. Muneharu Otsuka who had retired on February 8, 2008.

Before assuming his former post as Commissioner of the Board in January 2006, Mr. Fushiya was the Assistant Chief Cabinet Secretary of Cabinet Secretariat. He also worked for the Ministry of Finance and there he held prominent positions including the Commissioner of National Tax Agency. After joining the Board of Audit, Mr. Fushiya participated in the Governing Board Meeting of INTOSAI in 2006.

# Training Programmes in Member SAIs

## SAI-India

The office of the Comptroller and Auditor General of India is organizing International Training programmes since 1979. From 2002, these training programmes are being organized at its international training centre iCISA (International Centre for Information System and Audit) The following six International Training programmes were organized during the year 2007-08.

1. Auditing in Information Technology Environment (78<sup>th</sup> Programme)
2. Performance Audit (79<sup>th</sup> Programme)
3. Environment Audit (80<sup>th</sup> Programme)
4. Performance Audit (81<sup>st</sup> Programme)
5. Auditing in Information Technology Environment (82<sup>nd</sup> Programme)
6. Auditing in Information Technology Environment (83<sup>rd</sup> Programme)

The 82<sup>nd</sup> and 83<sup>rd</sup> international training programmes were on “Auditing in Information Technology Environment” The 83<sup>rd</sup> programme was conducted from 31 March to 29 April 2008 at iCISA.



<b>Sitting (L to R)</b>	--	Ms. Rista Renate Schultz, Mr. Vinod Rai, the C&AG of India, (5 <sup>th</sup> from Left) and Sr. Officers of C&AG's office, Ms. Treisa Naguib Shehata Nakhla
<b>Standing 1<sup>st</sup> Row</b>	--	Mr. Marius Radu Petre, Mr. Chander Kant, Mr. Tshepho Phineas Moruti, Mr. Nazrul Islam Azad, Mr. Nazrul Islam Majumdar, Mr. Anuwar Bin Asmuni, Mr. D.B.Sahu, Mr. Hamdy Ali Abbas Mansour, Mr. A.S.M. Lukman, Mr. Yasir Mustafa Ahmed Elawed, Mr. Alounsinh Bounsavath, Mr. Shailendra Vikram Singh
<b>Standing 2<sup>nd</sup> Row</b>	--	Mr. Serban Radu Valentin, Mr. Peter Ajang Nyibong, Mr. Siya Sharan, Mr. Aapayo Adel Majuong Mapour Mortoc, Mr. Kennedy Orori Ongoi, Mr. Tariq Said Al Yahyai, Mr. Mohammed Abdullah Al Harty, Mr. Siskda Boulom, Mr. Mansoor Hasan Khan, Mr. Liviu-Daniel Lordache, Mr. Aritonic Tony Budi, Mr. Mohammed Said Ali Al Hassani

## **Training Programmes in Member SAIs**

The training programmes schedule for the year 2008-09 are as follows:

- I. 84<sup>th</sup> ITP on Auditing in Information technology Environment
- II. 85<sup>th</sup> ITP on Performance Audit
- III. 86<sup>th</sup> ITP on Financial & Certification Audit
- IV. 87<sup>th</sup> ITP on Environment Audit
- V. 88<sup>th</sup> ITP on Audit of Social Sector Programmes

Further details could be obtained from the website [www.cag.gov.in](http://www.cag.gov.in)



## **Training Programmes in Member SAIs**

### **Kuwait**

- The State Audit Bureau (SAB) participated in the training program titled "ITP Performance Audit" which was held in Lahore/Pakistan during the period from 12 February – 15 March, 2007.
- SAB hosted meetings of ARABOSAI including the coordination meeting of the Strategic Plan Team, the ARABOSAI Training and Scientific Research Committee 37<sup>th</sup> Meeting and ARABOSAI Executive Board 40<sup>th</sup> meeting held during the period from 2-4 February, 2008.
- SAB participated in the Application/Software Development Meeting of INTOSAI Standing Committee on Information Technology Audit which was held in China from 4-7 September, 2007.

## Training Programmes in Member SAIs

### Recommendations of Arab European Meeting Held in Kuwait during 5-6 Feb. 2008

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The Arab European meeting of the Supreme Audit Institution members of **ARABOSAI** and **EUROSAI** was held in Kuwait from Feb. 5-6 2008 and was organized by the State Audit Bureau. The meeting discussed the role and experiences of SAIs in environmental audit with the participation of 28 countries. The **ARABOSAI** Executive Council Chairman, EUROSAI Governing Board Vice – President, and **ARABOSAI** Secretary General representative were present at the meeting.

The meeting contributed to exchanging experiences between Arab and European SAIs as well as other participating SAIs. This would positively increase the efficiency of environmental audit among the participating countries.

The meeting discussed the importance and seriousness of environmental audit issues and their relation to the sustainable development processes, and the experiences of the participating countries in the exercise of environmental auditing and the challenges faced by SAIs during their performance of such tasks.

#### **The recommendations are as follow:**

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##### **First:**

The importance of cooperation among SAI, institutions responsible for environmental auditing, and environmental research centers when adopting control environmental and providing the required technical support to achieve audit tasks.

## Training Programmes in Member SAIs

### **Second:**

Adopt Projects based on auditing organizations in order to qualify audit members to perform environmental audit and provide them with the required knowledge in collaboration with the United Nations Environmental Program.

### **Third:**

Invite **ARAB** and European SAI members to participate in joint audit processes of international concern such as climate change, sustainable development and Kyoto commitments in light of the Global Environmental outlook report (**GEO – 4**) issued by **UN** Environmental Program in 2007 .

### **Fourth:**

It is important that SAIs benefit from the WGEA outputs of **INTOSAI**, **EUROSAI** and **ARABOSAI** and interaction with such outputs to achieve best methods of environmental audit and exchange professional experiences in this field.

### **Fifth:**

The importance of cooperation between SAIs to implement joint environmental review programs especially in the countries participating in topics of common interest.

### **Sixth:**

Exchange professional experiences, environmental reports, audit guidelines, and environmental indicators between **ARABOSAI** and **EUROSAI** members.

## Training Programmes in Member SAIs

### **Seventh:**

Activate peer review among SAIs regarding Environmental Audit to ensure the efficiency of environmental audits and identify short comings.

### **Eighth:**

Environmental audit frame works should include national strategies for sustainable development in order to evaluate the efficiency and effectiveness of the policies contained in these strategies.

### **Ninth:**

**SAIs** may hire external consultants or experts to perform specific topics that require specialized expertise related to environmental standards, measuring pollution or preparing patterns regarding environmental costs predictions.

## **New Developments in member SAIs**

### **Auditor-General of China's Visit to the National Audit Department (NAD) of Malaysia**

The Auditor-General of the People's Republic of China (CNAO) and the Chairman of ASOSAI, Mr. Li Jinhua made an official visit to Malaysia from February 17 to 21, 2008. He was accompanied by his five officers from the China National Audit Office (CNAO), Mr. Liu Dazhu, Director General, Mr. Zhou Weiwei, International Director General, Mr. Zheng Ji, Vice Director General, Mr. Jiang Haiying, Divisional Director, International Department of CNAO and Mr. Yu Yue, Private Secretary of Mr. Li Jinhua. Mr. Li Jinhua and delegates were welcomed by the Deputy Auditor-General of Malaysia, Mr. Anwari bin Suri and senior officers from the NAD.

On February 18, 2008, Mr. Li and his delegation made a courtesy visit to the Auditor-General of Malaysia, Tan Sri Dato' Setia Ambrin bin Buang and their discussions revolved around the latest developments of Malaysian public sector auditing.



**Group Photo with the Auditor-General of Malaysia**

## New Developments in member SAIs

Mr. Li Jinhua had also delivered a talk on “Enhancing Integrity and Good Governance From the Perspective of the Auditor-General of the People’s Republic of China” at the National Audit Academy. The talk was attended by 250 officers from Ministries/Departments/Agencies, Embassy of China in Malaysia, Institutions and officials from the NAD. In his speech, Mr. Li mentioned five strategies to enhance integrity and good governance:

- Strengthened audit of the truthfulness of accounting information of government departments and public entities promotes government integrity;
- Building a government ruled by law by encouraging government departments administer and manage public finance in accordance with law;
- Promoting building of clean government by disclosing clues of major corruption cases;
- Building efficient government by carrying out performance audit; and
- Making the government transparent by steadily promoting the audit results announcement system



**Mr. Li Jinhua delivered a talk on “Enhancing Integrity and Good Governance From the Perspective of the Auditor-General of the People’s Republic of China”**

## New Developments in member SAIs

Later, it was followed by a photograph session and press conference with the Malaysian media.



**Group Photo with the Auditor-General of Malaysia and officials from Ministries/Departments/Agencies**

Mr. Li Jinhua and delegation's itinerary also included trips to several places of interest in Malacca and Penang. At the respective states, the Director of the Federal Audit Sector, Mr. Hamdan bin Ahmad and the Director of the Penang State Audit Branch, Mr. Abdul Ghani bin Md. Lakin played host to the dinner organised for the delegates. Mr. Li and delegates' visit has strengthened the bilateral relations between Malaysia and China as well as promote public sector auditing.

## **New Developments in member SAIs**

### **The Manual of Governmental Departments' Budget Implementation Audit Published**

As the first audit manual on governmental department's budget implementation audit in China, the *Manual of Governmental Departments' Budget Implementation Audit* has been edited and published by the Non-profit Government Agencies Audit Department and 25 dispatched audit offices of the National Audit Office of China (CNAO) in November 2007. Mr. Liu Jiayi, Deputy Auditor General of the CNAO, wrote preface for this book.

The Non-profit Government Agencies Audit Department and 25 dispatched audit offices of the CNAO, launched this audit manual editing project in 2005, in order to draw successful experiences from the central government departments' budget implementation audits that were carried out by the CNAO, and to promote the legalization, standardization and scientification of governmental departments' budget implementation auditing. This initiative is also an answer to the CNAO's *Auditing Work Development Plan (2006—2010)*, which required the CNAO to amend and improve audit manuals and guidelines according to the need of audit quality control, the newly amended *Audit Law* and advanced international experiences, in order to further regulate auditing activities and improve audit quality.

Based on summarizing the experiences of central and local governmental departments' budget implementation auditing, this manual systematically organizes and summarizes the audit objectives, audit contents, audit methods and frequently found faults and frauds of governmental departments' budgets implementation audits, and illustrated substantial audit cases to explain them. This manual has 15 chapters, including: auditing environment of governmental departments' budget implementation audits; summary of governmental departments' budget implementation audits; organizing and preparing governmental departments' budget implementation audits; the audits of departmental budgets' preparation; the audits of departmental budgets'



## **New Developments in member SAIs**

appropriation; the audits of basic expenditures of departmental budgets; the audits of project expenditures of departmental budgets; the audits of departmental non-tax income; the audits of departments' state owned assets management; the audits of governmental departments' procurements; the audits of governmental departments' other activities; audit reports and punishments, the audits of departments' final accounts; special audit investigations and leaders' economic accountability audits. This manual is also supplemented with two appendices: the assessment of significance level and audit risks; the application of information technologies in departmental budgets implementation audits.

This manual is greatly welcomed by Chinese auditors because it offers practical references for the central and local audit institutions in the field of governmental department's budget implementation auditing, and serves as a good training material for the newly recruited auditors.

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## **New Developments in member SAIs**

### **Centre for Research of the Financial Violations of the SAI of Kazakhstan**

At the initiative of the Accounts Committee it was established Republican State Enterprise “Centre for research of the financial violations” (Centre) in October, 2007.

The goal of the Centre is the research and making the proposals on prevention of the conditions of financial and corruption violations, research of topical problems of state financial control system, development and adoption of new methods and technologies of control and expert – analytical work.

For realization of this goal the Centre has a set of tasks.

- The conduction of the applied researches on development and adoption of new methods and technologies of control and analytical work;
- The study of international experience of control and analytical work in the sphere of economy, finances and prevention of budget legislation violations;
- Development of proposals on forming of normative as well as methodological base of state financial control and adoption of the information technologies of the control
- Increase of professional level of the employees of the state financial control.

In 2008 the conduction of scientific research on the following themes was planned:

1. Study of the experience of the organization of the anticorruption activity of the supreme audit institutions of the advanced countries (United Kingdom, Russia, Poland and Canada) and working out of the recommendations on its application in the activity of the State Audit Institutions of the Republic of Kazakhstan

## **New Developments in member SAIs**

2. Analysis of the shadow economy influence on forming of the revenue part of the budget.
3. The research of the methods, tendencies of the development of the performance audit and its application as an instrument on prevention, reveal and liquidation of the financial violations.
4. The research of the principles, methods and criteria of the assessment of the effectiveness of the control and analytical arrangements of the financial audit institutions and working out of the proposals on its application in Kazakhstan.
5. The research of the peculiarities of the control in conditions of the forming for three years period, oriented on result.
6. The research of the influence of budget and taxation discipline on indicators of financial stability with the use of criteria of the assessment of the lost opportunities.

Centre invites for cooperation and partnership:

- research institutions;
- scientific organizations;
- independent groups of research people and separate scientists conducting research in financial sphere;
- as well as postgraduates, graduates of the institutes of higher education, who are interested in scientific researches.

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## New Developments in member SAIs

### **Kuwait**

State Audit Bureau (SAB) was awarded the Jörg Kandutsch Award during the 19<sup>th</sup> INCOSAI in appreciation for its effective role in developing its activities and improving its performance. The award is normally granted to a SAI that has performed noticeable efforts in developing and improving its performance and cooperating with other SAI members in the organization during the 3 years period prior to the Congress.

The President of the State Audit Bureau (SAB), Kuwait was granted the Honorary Fellowship Certificate and The Golden Conference Award from the Modern Accounting Trend Association in Egypt for the second year successfully.

SAB published the annual English issue of the Al-Raqaba Journal in Jan. 2008. For further details, SAB website and e-mail are as follows:

Web site: [www.sabq8.org](http://www.sabq8.org)  
E-mail: [Training@sabq8.org](mailto:Training@sabq8.org)  
[president@sabq8.org](mailto:president@sabq8.org)

### ***SHORT REVIEWS***

#### **THE ICT STRATEGIC PLAN 2008-2010 OF THE NATIONAL AUDIT DEPARTMENT (NAD) OF MALAYSIA**

The Information & Communication Technology (ICT) Strategic Plan 2008-2010 was recently launched by Tan Sri Dato' Setia Ambrin bin Buang, Auditor General of Malaysia. The main objective of this Plan is to align the national Audit Department's ICT activities with the department's strategic direction and to ensure that ICT investments make genuine contributions to improve operational effectiveness. This ICT Strategic Plan will become the blueprint for the next three years in the usage of ICT and development of ICT projects of the NAD.

The document defines the vision, strategic direction and framework, strategic thrust areas of ICT development as well as the implementation strategies and action plans to be taken by the NAD. In the next three years, the department will focus on the procurement of ICT tools, development of Departmental Knowledge Portal, e-Auditing Management System, Community Portal, Key Performance Indicator System and e-Learning System.

The success of the implementation of the ICT Strategic Plan depends on the commitment of the top management and staffs of the NAD, clear departmental ICT Policy, systematic programme schedule, comprehensive methodology of project management and change management programme.

## **New Developments in member SAIs**

### **Saudi Arabia**

International Federation of Accountants (IFAC) named the Saudi Organization for Certified Public Accountants (SOCPA) among 16 EFAC members and regional organizations involved in capacity building, which expertise in developing the accountancy and auditing profession, can be utilized in assisting other professional bodies in the Arab countries.

The selection was announced in the IFAC guide on Establishing and Developing a Professional Accountancy Body. The Guide, which was released in November 2007, stated: “SOCPA is a well established professional accountancy body with highly skilled and experienced staff and members. SOCPA is keen to provide support, advice and assistance to other professional bodies in Arabic speaking countries.”

This international recognition of SOCPA is a remarkable achievement which will contribute to the development of the accountancy and auditing profession in the region.

SOCPA previously obtained IFAC membership and its Secretary General was named a member of the IFAC Developing Nations Committee. In addition, SOCPA was assigned by IFAC to translate the IFAC Guide on Establishing and Developing a Professional Accountancy body into Arabic and to revise the Arabic translation of the IFAC website. Earlier, the US Institute of Internal Auditors and Institute of Management Accountants exempted SOCPA Fellows from taking tests in some fellowship courses. IFAC also assigned SOCPA to translate and print the Arabic version of the COSO Internal Control Framework.

For more detailed information about SOCPA, its projects and achievements, kindly visit the website [www.cocpa.org.sa](http://www.cocpa.org.sa) or contact [socpa@socpa.org.sa](mailto:socpa@socpa.org.sa).

## **New Developments in member SAIs**

### **Shining Example of Leadership Philippine SAI's Gem Carague Ends Term**

Philippine Commission on Audit Chairman Guillermo “Gem” N. Carague, who also served as Chair of the Asian Organization of Supreme Audit Institutions (ASOSAI), ended his seven-year term as head of the Philippine SAI on February 1, 2008.

Through the past seven years, Mr. Carague has set a shining example of leadership, steering the institution through great changes, paradigm shifts, and system refinements enabling COA to be at pace with the rest of the world in public sector audit.

With Chairman Carague at the helm, the institution's active involvement in the region's auditing community peaked. Under his tenure, COA hosted a number of ASOSAI and INTOSAI related events, most notably the 9<sup>th</sup> ASOSAI General Assembly held in Manila from October 2003 as well as the 31<sup>st</sup> ASOSAI Governing Board Meet in October 2002.

The 9<sup>th</sup> Assembly, a milestone in the history of the Philippine SAI, saw delegates from 33 member-countries satisfied with the approval of major technical projects and reports including those on the 2<sup>nd</sup> Symposium, ASOSAI Journal and the landmark ASOSAI Audit Guidelines on Fraud and Corruption and the Guidelines on IT Audit.

Mr. Carague has likewise shown his commitment to regional training with the increase of ASOSAI-accredited COA trainers as resource persons for various ASOSAI courses. COA even hosted the IDI-ASOSAI Workshop on Audit of Privatizations from May 17-24, 2004.

Mr. Carague was elected ASOSAI chairperson from 2003 until 2006.

Under Mr. Carague the Philippine SAI saw several developments. Among the most significant were:

## **New Developments in member SAIs**

- (1) the development and adoption of the New Government Accounting System (NGAS), a trailblazing act that overhauled the old accounting system which was established almost 50 years ago. NGAS, a simplified set of accounting concepts, guidelines and procedures, is modified accrual-based and follows international accounting standards,
- (2) a complete and integrated accounting application software called the electronic New Government Accounting System or e-NGAS. This accounting software allows government managers an immediate picture of their agency's financial situation by generating accounting reports at the click of the mouse,
- (3) the implementation of a single, unified and integrated audit report for each government agency. Prior to this, a government agency's head office and its regional branches had separate and distinct audit reports and financial statements resulting in a lack of consistency, and
- (4) the formulation of the Philippine Government Accounting Standards and the preparation of the Barangay Accounting Manual.

The Commission has also undergone great improvement in its physical environment with the construction and renovation of office buildings and enhancement of medical, dental, and sports facilities.



### **GRANTS ADMINISTRATION** **Australian National Audit Office perspectives**

**Russell Coleman**

Audit Principal, Professional Services Branch,  
Australian National Audit Office;  
February 2008.

Grants are made in various circumstances by governments whereby public money is applied to community activities to achieve aims and objectives consistent with government policy. Grants may be covered by legislation or regulation or be subject to cabinet, ministerial or other discretion. They range in their accountability requirements from highly complex arrangements to the relatively informal. Nevertheless, all grant schemes involve the use of public money. As such, all those who approve grants are accountable to Government and the Parliament for their decisions on the allocation of individual grants.

The administration of grant funding is an important and potentially sensitive area of public administration, requiring care on the part of agencies and Ministers, where relevant, to ensure that programmes are administered in accordance with legislative provisions and the programme parameters determined by government.

Of particular importance in a financial management context is the need to comply with applicable financial accountability legislation and regulations. In Australia, the relevant regulation requires that funding (for a project) not be approved unless reasonable inquiries have been undertaken to satisfy the decision-maker that the proposed grant:

- is in accordance with the policies of the Australian Government; and
- will make efficient and effective use of the public money.

The approval of many grants made by the Australian Government is exercised by the responsible Minister. From time to

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time Ministers may reach a different decision to that recommended by their agency. The Minister may decide not to fund a recommended organisation and/or decide to fund an organisation whose application has not been recommended for funding by the department. Where a Minister decides to approve a grant to an organisation whose application has not been recommended for funding by the agency, based on the outcome of a formal evaluation process, the relevant regulation requires the Minister to undertake his/her own reasonable inquiries that the particular spending proposal will make efficient and effective use of public moneys.

Many grants programmes are challenging to administer and it is particularly important that agencies' administrative procedures are documented and that any departures from those procedures are well informed and appropriately authorised. Agencies are also responsible for ensuring published programme guidelines and documented internal procedures are consistently applied through staff training, appropriate supervision and management oversight. This applies particularly for larger and more complex grant assessments.

ANAO performance audits have also identified other important messages for agencies including that:

- the requirements of the financial framework, and its consequential obligations on decision makers, should be understood and addressed in the design of the programme, including in tender and evaluation processes;
- Ministers should be informed of the application of the financial framework to the decision-making process in circumstances where Ministers have decided to retain the authority to approve or not approve individual grants; this extends to providing qualified advice to Ministers to reflect any reduced or truncated assessment processes due to constrained timeframes or other circumstances;

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- the recording by Ministers of the reasons for approving or not approving grant applications (including where Ministers reach a different decision to that recommended by the agency) represents sound administrative practice that has had the support of Australian Parliamentary Committees; and
- arrangements for the payment of grants should ensure that funds are used for the purposes as approved by Ministers or other agency approver.

### **ANAO audit report references:**

*ANAO Audit Report No 39 2006-07 Distribution of Funding for Community Grant Programmes*

*ANAO Audit Report No 14 2007-08 Regional Partnerships Programme*  
*ANAO Audit Report No 14 2007-08 Administration of Grants to the Australian Rail Track Corporation*

All ANAO Publications can be found on: [www.anao.gov.au](http://www.anao.gov.au)

### **The Application of on the Job Training SAI Bangladesh perspective**

**Md. Abul Kashem**

Senior Finance Controller (Bangladesh Army) &  
ASOSAI training specialist.

#### **• INTRODUCTION:**

In the present day modern world, the pace of change is consistently accelerating. This brings with it a continuous need to ensure that skills and knowledge are keeping pace with our changing work place. Meeting this need is a shared responsibility for employers, employees and training organisations who must act together in a training partnership. Moreover, people are the most valuable assets of an institution. Sound human resource management can provide employees a rewarding and professional environment, as well as maintaining and enhancing the capabilities of the people. As a result, well-trained and professionally competent work force plays a significant role in achieving high quality outputs. SAI Bangladesh is well aware of this issue. The result is the set up of human resource management function within the Strategic Plan (2003-2006) of the Comptroller and Auditor General (CAG) of Bangladesh. The strategy of human resource management, the inbuilt in-house training programme practiced in all offices under SAI Bangladesh, is designed to create a diverse work force with knowledge, skills and abilities needed to support the achievements of SAI's vision, mission, the core values and the strategic goals. This has resulted in the preparation of special, issue based and even performance audit reports in SAI Bangladesh in recent years.

#### **• WHAT IS TRAINING?**

Training is the consistent and effective transfer of appropriate behaviours which lead to the achievement of predetermined and specified outcome. This definition gives some specific points which are:

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- there should be set goals
- these goals need to be achieved
- behaviour of the trainees needs to be transferred
- this transfer be consistent and effective

- **NEED FOR ON THE JOB TRAINING:**

The International Organisation of Supreme Audit Institutions (INTOSAI) Auditing Standards state that SAI should adopt policies and procedures to develop and train SAI employees to enable them to perform their task effectively and to define the basis for achievement of auditors and other staff. Keeping this in view, SAI Bangladesh views that training is the process by which employees acquire the skills needed to accomplish their assigned tasks. Training activities have very important bearing on the overall quality of audit processes and outputs. The SAIs need to be knowledge centric organisations with people being the key assets. Government auditors need to be armed with knowledge and good understanding of government environment – role of legislature, legal and institutional arrangements governing the operations of executive and the charter of the public enterprises and of SAI's auditing standards, audit methodologies, policies, procedures and practices. The audit methodologies are changing at a faster pace and new techniques are available in the SAIs like, risk-based auditing, application of quantitative techniques, increasing use of IT as an audit tool to improve audit quality. As a result, training has assumed critical importance now a days.

- **TRAINING ACTIVITIES**

ASOSAI Draft Guidelines on Audit Quality Management System identifies, among others, that training activities in the SAIs should encompass the following:

- On the job training courses based on individual needs as well as SAI's core curriculum, including financial and performance audit methodologies

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- In house seminars and workshops covering a wide variety of topics focusing on developing a well-rounded work force
- Improving and standardizing courseware to maintain training quality, if necessary, to outsource development of courseware
- Encouraging and arranging audit employees to enroll in academic institutions to pursue various disciplines relevant to their work for continuing professional education
- Providing opportunity to have work experience in other public or private agencies or audit offices overseas - in particular, establish exchange placements for SAI officials with ASOSAI/ INTOSAI/ developed SAIs to acquire and exchange knowledge and experience and to gain insights into the operation of other peers
- SAI may accept staff from other agencies and legislative secretariat for temporary assignment to the SAI to enhance awareness and understanding of the SAI's role and responsibilities
- Providing opportunities to participate in training course, seminars and workshops arranged by regional/international agencies and other SAIs
- Creating network with outside agencies - domestic and international
- Equipping personnel to audit effectively in new areas such as privatisation, revenue audit, entity wide audit, sustainable development, environment auditing, forensic auditing, IT auditing, etc.

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- To help newly recruited officers/staff-members to assimilate into the new work environment, giving an overview of SAI's vision, mission, core values, audit methodologies and techniques, policies, procedures and practices and general information relating to SAI's operating environment
- Audit reports of developed SAIs may be reviewed and discussed in occasional presentation sessions as a part of knowledge dissemination programme

SAI Bangladesh considers all these issues as part of its training programme. On the job training encompasses the issues listed above. Hence continuing professional education is established at each level which is monitored regularly and reviewed periodically by the top management.

- **On the job training : scenario in SAI Bangladesh**

The Strategic Plan (2003-2006) of SAI Bangladesh has taken into consideration all the issues noted above. Training as a whole and on the job training in particular considers that each and every issue and action are initiated in all the related areas.

- Financial Management Academy (FIMA) is the main training arm of SAI Bangladesh. An attempt is underway to make it a "centre of excellence".
- Under the same Strategic Plan, the courseware of FIMA has been re-designed and modified in its nature and duration. The major training modules have been revised and re-structured

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In pursuit of attaining the highest quality, syllabus of the foundation course for the managerial cadre staff has been brought at par with international standards. SAI Bangladesh has got four ASOSAI training specialists who play leading role in designing and delivery of training courses arranged in FIMA. For different technical topics, external experts are also invited.

The course modules have been redesigned giving emphasis more on practice than theory. These training help newly recruited officers to assimilate into the new work environment of SAI. This induction programme gives an overview of SAI's vision, mission, core values, audit methodologies and techniques, policies, procedures and practices and general information relating to SAI's operating environment.

Sub-ordinate Accounts Services (SAS) training module has been improved - the programme enables the auditors to upgrade themselves and on passing part 1 and part 2 SAS examinations under it.

Auditors' training module has also been revised – the course is arranged to give newly recruited auditors (and juniors auditors) to have first hand knowledge of audit and accounts. Refresher course is also arranged regularly to give the staff members latest information and update techniques of the related fields.

Divisional Accountants' training module has been reformed – the Divisional Accountants work in the Public Works Department and Roads and Highways as well as in Public Health Engineering Department

In addition, FIMA organises a range of short training course to develop essential skills of mid level officers of the public sectors across



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the government in government budgeting, auditing and accounting. The main courses conducted here are as under

- Training in accounting skills and knowledge (TASK)
- Training for excellence in accountable management (TEAM)
- Training in budgeting and accounting system (TIBAS)
- Awareness in audit reforms (AWARE)
- Building essential skills in training (BEST)
  
- **Courses for civil servants across the government**
  - Briefing session for pilot audit teams
  - Feedback and lessons learnt on pilot audit
  - Pilot audit training on procurement
  - Financial management and project accounting
  - Budget preparation and monitoring
  - Advance Information technology
  - Basic information technology
  - Training of Trainers (TOT)- Building Essential Skills for Training (BEST)
  - Government accounting training
  - Training for new auditor
  - Basic accounting training
  - Internal control and audit techniques
  - Para accounting course
  - Fiscal Economics and Economic Management (FEEM)

FIMA training consists of auditing, accounting, costing, financial management, financial rules and regulation, IT management and IT audit. In addition, existing government rules and procedures, general financial rules, fundamental rules and treasury rules. Moreover, defence finance and railway establishment codes and manuals are also taught.

FIMA training now attracts participants from home and abroad. During recent years, a number of treasury officials from East Timor

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and a batch of audit officials from SAI Sri Lanka received audit and accounts related training from FIMA.

The most striking feature of SAI Bangladesh training is the in built in-house training programme initiated under the Strategic Plan. It has got two aspects. These are

- Administrative component: it covers issues of office attendance, conduct rules, discipline and appeal rules, rules of business, note and draft writing, file management, etc.
- Professional issues: these include audit and accounts professional issues.

All 56 units under CAG`s control have institutionalised this in-house training and such training is held regularly. Retired officers of the audit department as well as senior and mid level officers conduct these courses. Practical, realistic, operational and problem solving issues are discussed in these courses.

In audit of offices, issues relating to effective audit are discussed and practiced. It includes

- Understanding the audit entity
- Audit briefing
- Supervision
- Inspection
- Preparation of local audit report (LAR) consisting of
  - ✓ Executive summary
  - ✓ Main audit paras (observations)
  - ✓ Enclosures
- Preparation of audit report - quality assurance

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### • **Presentation on Professional Issues**

SAI Bangladesh launched a major initiative to upgrade the skills of staff at all levels. As part of knowledge dissemination, audit reports and annual reports received from different SAIs were reviewed and discussed in these sessions participated by all level of officers. Important articles of interest published in different national and international journals were also reviewed and presented in discussion sessions. As many as 66 presentations on audit reports of the National Audit Office (NAO), UK and professional issues were held in 2003. 45 presentations on audit reports of SAIs of UK, South Africa, Sri Lanka, Japan, Indonesia, India, Bhutan, Pakistan, New Zealand and on publications of INTOSAI, ASOSAI and Government of Bangladesh were held in 2004. In 2005, 48 important articles of interest published in different national and international professional auditing journals were also reviewed and presented which were attended by cross section of SAI officials including CAG.

SAI Bangladesh officials participate in training courses/seminars held in other SAIs under INTOSAI/ASOSAI as part of its search to acquire and experience and to gain insights into the operation of other peers. The year-wise number of such courses and participants are given below:

<b>Year</b>	<b>No of courses</b>	<b>No of participants</b>
2003	12	12
2004	26	26
2005	10	14

SAI Bangladesh officials also got enrolled in different academic institutions to peruse various disciplines relevant to their work for continued professional education. Under the Financial Management Reform Programme (FMRP), a number of SAI officials received on the job training and conducting entity based pilot audits under the direct supervision of national and foreign consultants

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The pro-active initiatives undertaken in formal FIMA training includes more emphasis on practical rather than theoretical aspects, on the job attachment, regular in-house training with need based, practical, operational and problem-solving issues, knowledge dissemination through presentations of professional journals, articles and issues of audit reports of different SAIs, overseas training and workshops, working experience in other overseas SAIs to acquire and exchange knowledge and experience. Officials and staff of SAI Bangladesh are now more equipped with internationally accepted auditing standards, procedures, methodologies and new areas of audit. Presently, audit planning is more systematic, execution in field audit is more rigorous and audit reporting is more quality assured. Moreover, new areas of audit are being covered in the preparation of recent audit reports in diversified fields. New horizon of audit is opened in new areas such as privatization, revenue audit, special audit, issue-based audit, performance audit or value for money audit, entity wide audit, pre-emptive audit, environment audit, IT audit etc. Special mention may be made of the following audit reports presented to Parliament. These were rated as quality reports and were the result of professional skills acquired from standardized training received by SAI officials.

### **Some major Special Audit Reports: 2003**

- Duty Exemption and Drawback Office (DEDO) of the Bangladesh Customs
- Bonded Warehouse-Bond Commissionerate, Dhaka
- Rural Poverty Alleviation Programme of Bangladesh Rural Development Board
- Food godowns of Food Directorate
- Asset Management of Military Estate Office (MEO)
- Management of Hajj Consulate General of Bangladesh, Jeddah
- Construction of Bangladesh High Commission Building in New Delhi, India

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### **Some major Issue Based Audit Reports**

- Collection and management of Toll receipt of 13 Bridges and 10 Ferries of Roads and Highways Division
- Procurement and distribution of Medical Surgical Requisites (MSR) and Diet Management System of Dhaka Medical College Hospital
- Dhaka City Corporation – Waste Management
- Purchase, lease and management of air crafts by Biman Bangladesh Airlines

### **Some major Performance Audit Reports**

- Performance of Health and Population sector programmes
- Computerised Wagon Control System (CWCS) of Bangladesh Railway

### **Some Major Issue Based Audit reports of 2004**

- Ministry of Water Resources.
- Internal Resources Division, Ministry of Finance
- Ministry of Health and Family Welfare
- Ministry of Science, Information and Communication Technology
- Ministry of Food
- Ministry of Defence
- Energy and Mineral Resources Division

### **Some major Special Issue based audit reports – 2005**

- Store accounts of 18 offices of Dhaka Electric Supply Authority (DESA) under the Ministry of Energy, Power and Mineral Resources
- Dhaka Custom House and Internal container Depot
- Asset procurement and distribution management of Bangladesh Army, Navy and Air Force

- **Conclusion**

SAI Bangladesh is an emerging tiger progressing slowly but steadily. The head of the SAI and the SAI management set the gear for the organisation. SAI Bangladesh launched its strategic Plan and set the tone. The strategy on human-resource management – the in built training programme specified in the Strategic Plan is creating a diverse professional work force with knowledge, skills and capabilities to fulfil the SAI's mission and vision. The modified and upgrade formal training as well as in built in-house training programme for need based, practical, operational and problem- solving issues opened up new areas for exploration. The overseas training courses, study tours, attachments, presentation on professional issues have widened our horizon. With increasing professional skills and knowledge of new areas, we are clearly ahead of many SAIs. Now is the time for exploration.

### **Sector wide Approaches (SWAp) Preliminary Understanding**

**Janak Raj Gautam**  
**Assistant Auditor General**  
**Office of the Auditor General,**  
**Nepal**

- 1. Background:-** *I was one of the participants of Danida Fellowship Centre of Denmark for the Public Sector Leadership Course, 2007 (PSL, 2007 Course) among nineteen from seven countries of Asia and Africa in Copenhagen. The objectives of the course were substantially concentrated on learning, behavior and wider application in the topics like cooperation trends, public finance, team work, cultural aspects of Denmark, anti-corruption activities, public sector reform, decentralization and accountability. Also in the learning process, the major attention of the course was centered to professional development and practical application. I have also participated in the SWAp-Learning Event held in Kathmandu in 2007. On the basis of group work, lectures delivered, discussion and practical case studies in both the capacity building events, the Sector wide approaches (SWAp), being a conceptual framework of new development strategy, were presented in the classes. Depending on the above sources, this article has been prepared so far as my understanding is concerned during the learning process. The other sources of this article are the audit directives of projects, 2006 issued by the Office of the Auditor General of Nepal, daily newspapers and reports. Although what exact meaning of SWAp is yet to be defined properly with its modus operandi, however, a SWAp approach ensures that a sector may always have projects ready for implementation considering its investment amount and development priorities in favour of the sectoral programme. The basic principle of SWAp is that all funding for the sector or area are pooled together whether*

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it may be of external source or internal. Therefore, a SWAp is a programme based approach of aid delivery for its effectiveness at the entire sector. In other words, it is a new aid modality to confront the challenges and problems. SWAp's main principle is to focus to identify the requirement of the sector instead of determination of the funds to come from the donors.

**2. Concept:-** The aim of SWAp, fundamentally, is to strengthen to government with ownership, coordination of projects, facilitation towards budgeting; sufficient funds to cover operating costs, integration of capital investment, budgetary support policies and efforts to build up domestic capacity. SWAp is a borrower-management approach that development partners only support country-led programs according to the Paris Declaration on Aid Effectiveness, 2005. This Paris declaration like ownership, aid alignment, harmonization, managing the results, mutual accountability in entire portions of one sector typically encompass greater than that of traditional projects. Generally, partners are committed to openness, consultation, sharing of information, observe the challenges and mutually accountable while running the programme in consideration of quantity, quality, time and cost. Initially, the preparation and finalization of strategy, then after in a phase wise, it moves ahead to human resource development, pilot testing, budgetary support and eventually with a destination of sector wide approach through integration process. In a sectoral context, organization can be understood as open systems since they are interrelated and influenced each other. It forces managers, agents, directors and apex authorities to look both inside and outside the organizational boundaries and insights about capacity constraints regarding potentiality for improvements. Danish Development Agency (DANIDA) has developed Result Oriented Approach to Capacity Change (ROACH) and prepared guidelines



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for the same in 2006 Capacity is not only a matter of number of personnel and their skill but also quality, relationship, adopt change process and perform functions well. This approach is also linked to make a better future and prosperous on the sectoral programme through SWAp approach. SWAp is also characterized by the principles that are laid down in the Paris Declaration on Aid Effectiveness, 2005. What a SWAp can be and can't be, to some extent, is reflected comparatively in this way:-

What a SWAp can not be	What a SWAp can be
<ul style="list-style-type: none"><li>• a financing modality</li></ul>	<ul style="list-style-type: none"><li>• strengthening the sector involving all stakeholders</li></ul>
<ul style="list-style-type: none"><li>• government decides, donors accept.</li></ul>	<ul style="list-style-type: none"><li>• building trust through mutual transparency</li></ul>
<ul style="list-style-type: none"><li>• donors' desire is to twist arm on government</li></ul>	<ul style="list-style-type: none"><li>• dealing with real and thorny issues</li></ul>
<ul style="list-style-type: none"><li>• government and donors crowding out civil society and private sector</li></ul>	<ul style="list-style-type: none"><li>• assuming up domestic ownership and accountability</li></ul>
<ul style="list-style-type: none"><li>• determination of how much funds to come from the donors</li></ul>	<ul style="list-style-type: none"><li>• to identify the comprehensive form of requirements of the sector</li></ul>

**3. Objectives:-** The main objective of SWAp audit is bringing systematic approach and providing reasonable assurance with a view to recommending for programme effectiveness, risk management, control and governance process. The program's resources are used for their intended purpose sustaining borrower capacity procurement ensuring with coherent policy, reduction of borrowing amount and meeting the diverse requirements of development partners. Eventually, it has promoted common goals and strategies for all donors' contributions. Donors' coordination for having momentous results, including other sectors is one of the essential factors for SWAp. Organizations, in the context of SWAp can be understood

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as open system. i.e. SWAp and poverty reduction strategy paper (PRSP) approaches simultaneously focus with substantial attention to take interaction among organizations involving funding, technology, staff, information, implementation, supervision and well arrangements on such functions. Therefore, the need to forge co-ordination among donors is sensible to work in an effective manner obtaining all visible achievements in the years to come. Since the donor agencies have pointed out foreign assistance granted to Nepal has not been effective as intended by the lack of uniformity and co-ordination. The principle of social pay off recognizes that targets may be realized as achievements through the proper mobilization of available resources.

- 4. Challenges:-** All partners should agree on a set of applicable auditing arrangements including scope, type and depth with criteria for selection of auditors as well as timeframe for submitting audit reports, arrangements for reviewing and following up on audit findings made by auditors in the management letter. Adoption of SWAp by donors is logical to focus on capacity development in all units of that very sector which are needed to produce the requisite outputs. While audit reports should normally be provided annually, they might be required at anytime with corrective measures where particular risks and misuses have been identified. Recently, the World Bank has warned that the project implementation in Nepal is also in the most front among the South Asian countries which cannot mobilize its fund and unable to make expenses already stated in the programmes. The World Bank has also taken a policy for fund disbursement to Nepal in the new system is called 'Base Case' allocating up to 350 million dollars since Nepal government has asked the World Bank for budgetary support. After all, understanding the changes in SWAp is the transformational nature since government is heading towards new things and facing challenges during these days.

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### Typical challenges in SWAp for actors

To Donors or Developing Partners	To government
• take the back seat	• embrace dialogue on sensitive issues
• recognize own limited capacity	• build some order in-house
• understand and deal with complexity	• get the results on agenda through successful implementation
• curb disbursement	• disbursement depends on capacity of government

**5. Reporting:-** Occasional, ad-hoc, regular and periodical financial reports should be routinely produced for the requirements of the developing partners in a comprehensive form. The report should cover progress in institutional, financial, disbursement, procurement, environmental and social safeguards arrangements within a specific period of time. There should be a format of supervision, monitoring, review and evaluation with ad hoc queries, if any. Those queries should be settled by the proper authorities to adjust the same in the books of accounts and before presenting in the financial statements. The elements of financial statements should include the following:-

- A consolidated statement showing sources and uses of funds, disbursement, procurement in an integrated activity-wise result.
- Statements reconciling the balances on various bank accounts on such consolidated statement.
- Accounting policies, note to accounts and explanatory points in the financial statements

**6. Audit requirement:-** The country would be required to have audited consolidated financial statements by the auditor acceptable to all developing partners with terms of reference (TOR). According to the Interim Constitution of Nepal, 2007 the Auditor General is the

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government auditor for audit of all sources and expenditures of public funds of Nepal. Fundamentally, auditors have a responsibility to make the statutory issues in a good sense considering their recognition also. SWAp has also been identified as preferable with growing tendency to use it successfully in the education sector. It is significant that the donor group obtains the evidence of how funds to the partner country have been used for the well performance and sensible results of sector through the assurance of auditing. It means that series of tasks and records of an entity on which transactions are processed are as means of maintaining in compliance with the design and system of chart of accounts and the financial records to identify, assemble, analyze, calculate, classify, record, summarize of reporting transactions and financial events. Risk based audit, performance audit, social audit and in case of need, rigorous audit can also be started in the sectoral type of funding arrangements. It is a need of the hour for timeliness, comprehensiveness, accuracy and analysis of the financial progress, procurement and obtains periodical reports. The report should help the auditors delete wrong figures, take action on misleading, awareness not be delay, rectify the errors in the statutory statements and take necessary steps submitting the same tracking the schedule before the deadline. The government auditor should be able to analyze the paradigm shifts to the SWAp approach whether the programme has moved from one situation to other as a transitional phase as presented side by side in the following table:-

From	To	Results
Project focused development approach	Program based development approach covering a sector or an area	EFA-Program area like governance
Basket funding modality	Pool funding modality	Pooling of funds by developing partners
Donor specific agreement	One window support for donors' contribution.	Pooling partners' contact person
Stand alone donor support	Joint financing agreement	Joint assessment methodology
Donor dependency	Government led process	Donor contribution<30%

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**7. Nepalese situation:-** Recently, there was a donors' consultant meeting held in Kathmandu in February, 2008. Since the donors have also shown their concern on the proper implementation of the SWAp. Supporting the model, the World Bank has also preferred to commit at least 66% of the total of grants and loans commitments up to 2010 on program based approach under the SWAp principle. Likewise, in primary level education in Nepal, Education for All (EFA) has been initially supported by Denmark, DFID, Finland, Norway and the World Bank making effective from 2004 and is gradually moving ahead towards a full SWAp framework. Later then, Asian Development Bank and United Nations International Children's' Emergency Fund (UNICEF) both joined into SWAp in 2006. It is also going to be introduced in other sectors like of Nepal like local development, village road, tourism, agriculture, industry, health and drinking water in the years to come. Therefore, it needs to enhance capacity development of auditors through the angle of this new principle since SWAp is also a function of capacity and leadership. At present, development partners willingly collaborate to support sectoral programs with the arrangement of pool funding components on the basis of the country's long-term vision. In the years to come, SWAp approach in education may not be so much successful story in Nepal because of various types of internal disturbances taking place here, if the current situation goes on being unsolved.

**8. Conclusion:-** Eventually, SWAp is used only for programme but not directly to a project. The audited projects accounts, management letter and agency financial statements should be combined and submitted to the concerned ministry, in compliance with the agreement deadline and designed formats. Asian Development Bank and the World Bank require audit certificates within nine months after the end of the fiscal year. Follow up letters are also sent to the education departments delivering its copy to the Office to the Auditor

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General by the donors. If we analyse the status of the key projects accounts, we may find various results like compliance within the date, lately complied and not complied yet. Joint audit arrangement could be also held by donor countries with Supreme Audit Institution together in work to express audit opinion on the same version. In future, the development partners may be convinced that cooperation on the primary education sector continues to serve as a model for other sectors. Recurrent and capital expenditures are also financed by the pooling partners in this sector. In the days to come, the Auditor General should also manage to enhance its capacity development of auditors in the angle of SWAp contexts. But due to political disturbances and not well-functioning of governance in Nepal have been major constraints in operation of SWAp fully coping with the millennium development goal (MDG).

### **THE ROLE OF THE PHILIPPINE COMMISSION ON AUDIT IN THE PROMOTION OF GOOD GOVERNANCE**

**JUANITO G. ESPINO JR.  
COMMISSIONER  
Commission on Audit-Philippines**

Good governance is a very important element in the context of public service primarily because it involves the efficient, effective and accountable accounting and auditing of the government's money of which the Commission on Audit (COA) played a significant role. As the country's premiere institution in safeguarding the nation's coffers, COA is mandated to improve the accounting and auditing procedures in government systems to prevent the claws of fraud, deception and scam from the government transactions.

Through the years, COA has proven to be one of the cornerstones of our government which successfully carried out and promulgated accounting rules and regulations including those for the prevention and disallowance of irregular, unnecessary, excessive, extravagant or unconscionable expenditures, or uses of government funds and properties.

In order to put COA at the forefront of its function, it has imbedded an adjudicatory power to examine and assess the acts of person/s who might have committed fraud or corruption.

Furthermore, it continues its coordination with prosecutorial, investigative and other government agencies such as the Ombudsman and the Civil Service Commission in the filing of cases against erring government officials and liable accountable officers. Through this initiative, COA takes a continuing effort to evaluate and develop ways to implement changes and innovations in the system.

Added to this is that, the five pillars of good governance – rule of law, transparency, participation, accountability, and effectiveness and

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efficiency – have been extensively observed and followed in the Commission as its cardinal virtues. These are better appreciated with the initiatives that COA has undertaken so far.

### **INITIATIVES OF COA**

Under the present leadership of COA, significant projects and undertakings have been achieved and realized. Former Chairman Guillermo N. Carague had made a successful bout against the challenges in the Commission and introduced opportunities for the betterment of the service. Most of these undertakings were initiated through the international organizations which have a parallel objective in furtherance of the Commission's commitment in good governance under the programme entitled: ***Enhancing the Public Accountability Programme of the Philippine Commission on Audit***. These were funded by the United Nations Development Programme (UNDP) and the Australian Agency for International Development. The Sycip, Gorres and Velayo (SGV) provided the technical assistance pursuant to a consultancy agreement with the UNDP. Some of the noteworthy accomplishments are:

The adoption of the New Government Accounting System (NGAS) in 2002 as a replacement of the Old Government Accounting System (OGAS). Before 2002, a World Bank Report stated that the Philippines was one of the countries in the world that still used the Old Government Accounting System since it was first implemented in the 1950s. When Chairman Carague assumed office in 21 February 2001, he immediately embarked the crafting of NGAS, and true to form, it was implemented in 01 January 2002. The Commission has reengineered the entire accounting system of the government, which the Philippine government system was able to develop swiftly

- a) and contributed immensely in the efficient and effective accounting and auditing system.



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The NGAS simplifies government accounting, conforms to international accounting standards, and generates periodic and relevant financial reports for better monitoring of performance;

- b) The adoption of e-NGAS and the computerization of related operating systems – payroll, Cash Receipt, Cash Disbursement, non-Cash Operations – including the widespread distribution of computer laptops and PCs to all audit teams/support offices.

**e-NGAS** simplifies government accounting, yet provides adequate internal controls, and reliable and timely financial management information without sacrificing data integrity and fiscal transparency. It provides templates for common transactions to facilitate their recording and on-line preparation, review, approval and posting of journal entries to the General Ledger (GL) and the respective Subsidiary Ledgers (SL). It electronically generates the depreciation schedule of Agency properties to serve as a basis for the corresponding adjusting entry.

To date, the Commission is very much elated in confirming that the International Monetary Fund has lauded the efforts and accomplishments of COA for being one of the 17 countries in the world that is **IT proficient**, a feat which the Commission is highly proud of.

The Adoption of the Risk-Based Audit Approach (RBAA). The RBA approach considers both financial and

- a) operational aspects of a financial audit as it identifies and assesses the financial statement misstatement risks (i.e. failure, error and fraud risks) and provides framework to reduce the impact to the financial statements of these identified risks. It also provides indicators of risks as basis

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of opportunity for improvements of the auditee risk management and control processes.

The approach aligns COA's financial audit process with its vision to promote good governance by providing adequate, reliable, and current information on the affairs of the government through appropriate audit approaches and fair and impartial exercise of its powers so that accountability, transparency, economy, productivity, and effectiveness in the conduct of government operations are thereby promoted;

- b) The **Government-Wide and Sectoral Performance Audit** (GWSPA) which was completed and formally adopted by COA in 2003.

**Government-wide** audit is the simultaneous examination of a management function or activity in a number of government agencies which is expected to provide basic data for comparing practices and operations between and among government agencies in the same sector or with the whole government that could show the magnitude or insignificance of deficiencies in the system. It also provides audit criteria which are supported by best practices and awareness of how their agency compares with other government agencies in terms of objectives, functions, operations, internal and administrative controls, and output. On the other hand, the **Sectoral Audit** refers to an audit of programs or activities that are delivered by more than one government agency and is expected to provide an overall picture of how various segments of a program are implemented and possibly lead to the identification of areas where improvements can be introduced. It also provides audit criteria or benchmark for future audits of government programs by various government agencies and basis for auditors to realize that program difficulties may not lie with a

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single agency but possibly with the way the agencies involved in the program work together; and,

The adoption of the Fraud Alert Website. To further enhance the campaign in combating corruption in government, the Commission continues to promulgate and implement additional measures in accounting and auditing standards in the parlance of integrity and accountability and has taken a big leap in the advancement of the Commission through the introduction of the “Fraud Alert” in the COA website.

The “Fraud Alert” is contained in the COA owned website where the public can have easy access to officials and employees of the Commission to air their grievances, issues, and problems against any act of corruption they experienced or having victimized of fraudulent acts in government transactions, deals or contracts.

### **ACCOMPLISHMENTS**

With the adoption and implementation of the initiatives in the Commission, significant developments were achieved as far as strategies of good governance are concerned. Table 1 provides the accomplishments of the Commission for 2006.

*Table 1. Accomplishments*

No. of teams created for fraud and corruption investigation	<b>57 teams</b>
No. of malversation cases filed with the Ombudsman	<b>61 cases amounting to Php85,363,638.56</b>
No. of pleadings and reports submitted before the Ombudsman	<b>1,227 reports</b>
No. of monitoring report submitted pursuant to Solana Covenant, etc.	<b>266 monitoring reports, 8 pending before the Regional Trial Court and Sandiganbayan for violation of Art. 218, 2 furnished to CSC-CAR</b>
No. of Issued Final Order of Adjudication (FOA)	<b>198 orders</b>

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No. of request for legal opinions on laws, circulars, and memo reviewed	<b>690 opinions</b>
No. of Motions for Reconsideration, appeals from disallowances/charges and other matters that were acted upon	<b>815 cases</b>

Recently, there were fifty seven (57) investigation teams that were created for fraud and corruption investigation with over 61 cases of Malversation that were unearth and filed with the Office of the Ombudsman amounting to Php85,363,638.57. Pleadings and reports submitted to the Ombudsman were significant high in the figure of 1,227 reports and 198 issuances of FOA. With regard to the number of request for legal opinions, the Commission was able to render 690 and about 815 cases were resolved for the motions for reconsideration. The Commission has indeed taken an extra mile to bring these erring public officials in due process and within the bounds and tenets of the law.

Through the combined efforts of the different agencies of the government, with only one concern of taking corruption out of the system, the Solana Covenant was born. The Covenant is a Joint-Anti-Corruption Plan of the Ombudsman, Civil Service Commission and the Commission on Audit in 2002 at the Solana, Anilao, Batangas, with the common aspiration and resolve to help create and build an ethical, honest and accountable governance. Its objective is to have a massive assessment of anti-corruption mandates, mission, and strategic objectives, resources and accomplishments with the end in view of initiating a 5-year undertaking which can be done jointly or by institution.

Under the Covenant, the Commission's role is to:

- a) promulgate auditing rules for the prevention of irregular, unnecessary, excessive, extravagant, or unconscionable expenditures, or uses of government funds and properties;

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- b) disallow transactions which are violative of law and auditing rules and to hold liable the officials responsible thereof;
- c) conduct internal control evaluation on the financial operations of agencies and to recommend measures to strengthen the financial system; and,
- a) submit audit reports to the head of the agency, the President and Congress, disclosing financial improprieties discovered, and recommending appropriate measures.

Further, the Commission is also tasked to:

- a) provide Civil Service Commission (CSC) and Office of the Ombudsman (OMB) copies of issuance containing rules on unliquidated cash advances;
- b) issue circular directing auditors to disallow in audit salaries of public officers whose contracts have not been submitted to CSC for evaluation; those with disapproved appointments; and with no extension of service approved by CSC;
- c) issue a memorandum reminding auditors of one-year ban on transfer to agencies under their oversight responsibility.

To date, as part of the commitment of the Commission in the Covenant, COA was able to accomplish the following:

*Table 2.*

<b>Reports Monitored</b>	<b>Regional Trial Court / Sandiganbayan</b>	<b>CSC – Cordillera Autonomous Region (CAR)</b>	<b>Remarks</b>
266	8	2	Violation of Article 218 of the Revised Penal Code

To include other successful endeavor of the Commission, the **Government-Wide and Sectoral Performance Audit** (GWSPA) has

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successfully accomplished significant undertakings which include the evaluation of the:

- a) Comprehensive Agrarian Reform Program (on forfeited Swiss Deposit)
- b) Forest Management
- c) Independent Power Producers
- d) Government Procurement Program (DOH, DSWD, DA & BIR)
- e) Community Mortgage Program
- f) Marikina Polytechnic College
- g) Development of Work-flow Systems of CP cases brought before the Commission

### **CHALLENGES**

With such accomplishments, COA can only do much. Despite its tireless efforts and dedication, there seem to be an acceptance of the fact that despite the stern and stringent efforts of the government to develop and promote the tenets of good governance, there are still many other things to be done to meet the expectations of the people.

In making these into a venture of commitment, COA has been preparing itself in facing the challenges of tomorrow of which some are have already manifested in the process.

Firstly, to address the issues more intently, regular evaluation and proper monitoring are inevitable as to how to implement changes in the model or paradigm to be used in order to cope with the sudden changes of times and procedures. The need for a paradigm shift in the future is necessary if the need arises to strengthen the accounting and auditing strategies for better governance. I believe that changes will evolve in different dimensions and the Commission should keep its barrel up to magnify the superfluties they may give.

Secondly, the proliferation of new technologies is a manifestation of rapid advancement. Computer Fraud like salami-

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slicing is a computer fraud where fractions of interest calculations are transferred to a personal account. Since the government needs a lot of catch up in terms of Information Technology (IT) especially in the form of computerizing the governmental systems, certain changes in its environment also need to be implemented so as to make the necessary application of new strategies for efficient and effective development and to safeguard the government from computer frauds.

Thirdly, accountability of our people should be strengthened to prevent our people in government or the civil servants in engaging in any form of corruption. Giving them enough incentives through career development and training enhancements including seminars on better administration and governance would help minimize their desires in entertaining the act of committing fraud in their functions and responsibilities.

Fourthly, is the performance-based evaluation and enhancement in order to promote quality output in auditing and accounting procedures.

Fifthly, the participation of the public is paramount in so far as integrity and accountability are concerned. The need to adopt participatory audit will provide the Commission enormous leeway to go to the public and have them participate in the auditing process. It is high time that this challenge will help spell the difference in public service since the public will have their freehand in joining the government in scrutinizing the government transactions and deals. This will strengthen the trust and confidence of the public to the Commission and fortify the essence of transparency in its entirety.

And lastly, but definitely not the least, is to empower the Commission to strengthen its mandate of instituting cases against government officials who are found to have engaged in anomalous, irregular and fraudulent transactions or deals and bring the liable person/s in trial, in collaboration with the Office of the Ombudsman and the Department of Justice. This challenge will help to expand the

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horizon of power of the Commission to go after the corruptors and prevent them in using the government's coffers.

### **CONCLUDING REMARKS**

These challenges should be the primordial consideration not only of the Commission but of all the responsible citizens of our country. A continuing partnership is inevitable and should be forged with all the sectors concerned including the civil society as we face these challenges and work to bring about better governance.

This should also be in conjunction with the idea that the concept of integrity, in the parlance of good governance, should be grounded with values and moral standards which will serve as the cornerstone of commitment to strengthen the moral fibers of the public servants. They will serve as tools to rule and guide our faith in the continuance of good governance and welfare of the people.

It should be marked with high hopes and positive injunction, that moral principles and ethical standards should guide the government officials for the betterment of government system and service to the Filipino people.



### **“On the Problem of Performance Audit of IT Architectures”**

**A.A.Piskunov**  
**Auditor of the Accounts chamber**  
**Russian Federation**

It's widely known today that 60% of managers do not associate strategy with budget and less than 10% of strategies are exhibited in information technologies. 20%-30% of strategies are of little interest for business or of no interest at all, every fourth project can have the same effect with less risk and with cost saving. Three fourths of IT managers have problems with project portfolio coverage and use chaotic planning processes that are hard to reproduce. Only 84% of IT managers work out business descriptions for key projects and 89% do not use any metrics but financial in the projects.

We are actually at the transition stage from manual chaos management to automatic one. In this regard, dynamic changes of processes, products and services occur in the world, including the domain of public management. Corporate management systems are also being changed; new markets are consolidated expanded and taken over.

Meanwhile, the quality of business processes support using information technologies continuously worsen with a practically uncontrolled growth of expenses for those purposes. The IT infrastructure is extended in the environment of inefficient use of the existing infrastructure; the transparency of the IT divisions activity decreases, and duplication of functions takes place.

According to the Carnegie Mellon University model, five organization maturity levels can be specified: “Anarchy”, “Folklore”,

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“Standards”, Changeable and Optimizable. In this case, four strategic management levels are distinguished:

- 1) deterministic programming based on a single scenario;
- 2) discrete programming based on a limited list scenarios;
- 3) dynamic programming in the segment of scenario conditions;
- 4) adaptive programming based on contextual scenarios.

Development of management has ensured of the development information technologies, including;

ERP systems,

Project management;

- Configuration management;
- Life cycle management;
- Business requirements management;
- Program portfolio management;
- Strategic planning.

Accordingly, the development management standards have been also worked out, as well as IT management standards. The development peak, as of today, is the enterprise architecture management as a process of supporting strategic business transformation through accumulation, information analysis and interaction regulation.

The development of the architecture management concept was associated with the advent of the Corporate Governance concept in the early 1990s and with the IT Governance concept in the middle of the decade. In 1996, the US Information Technology Management Reform Act (the Clinger/Coher Act) bounded all public agencies to concentrate attention on the results obtained at the expense of investments into IT. In 2002, the Sarbanes-Oxley Act adopted in the US demanded that recommended methodologies be used for the monitoring of the processes and results of information technology management. In 2006, the US Congress adopted a legislative package

to introduce the Business enterprise Architecture (BTA) into the public management practice.

Thus, we can specify three waves of informatization

- 1) the introduction of information technologies to automatize individual business enterprise processes without modifying them;
- 2) re-engineering of enterprise business processes for maximum use of the information technology capabilities in the course of implementation of complex automatization systems (the epoch of ERP and Business Process Modeling);
- 3) Permanent re-engineering of business processes to adjust them to the changing situation, understanding of the necessity of establishing an adaptive IT infrastructure suited to take into account the development strategy.

This sets new requirements to audit subject to the timeliness and effectiveness of the audit results. The aim of the IT audit shall be a mobilization of competitive advantages, including the effect of the decrease of the cost of quality control and technology improvement.

In turn, the efficient IT architecture will ensure the achievement of strategic development goals, while the business advantages shall be maintained.

Thus, the SAI, in addition to the financial audit of IT objects and the performance audit of IT projects, faces the problem of the performance audit of IT architectures. A complex solution of these problems requires cooperation and coordination of effort on the national and international levels. We need a unified semantics, logics and pragmatics to solve these problems.

## INTERNET / E-mail Addresses of ASOSAI Members

### INTERNET / E-mail Addresses of ASOSAI

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<b>Azerbaijan</b>	<a href="mailto:office@ach.baku.az">office@ach.baku.az</a> <a href="mailto:chairman@ach.baku.az">chairman@ach.baku.az</a>	<a href="http://www.ach.gov.az">http://www.ach.gov.az</a>
<b>Bangladesh</b>	<a href="mailto:saibd@citechno.net">saibd@citechno.net</a>	<a href="http://www.cagbd.org">http://www.cagbd.org</a>
<b>Bhutan</b>	<a href="mailto:raa@druknet.bt">raa@druknet.bt</a>	<a href="http://www.bhutanaudit.gov.bt">http://www.bhutanaudit.gov.bt</a>
<b>Bahrain</b>	<a href="mailto:info@nac.gov.bh">info@nac.gov.bh</a>	<a href="http://www.nac.gov.bh">http://www.nac.gov.bh</a>
<b>Brunei Darussalam</b>	<a href="mailto:jabaudbd@brunet.bn">jabaudbd@brunet.bn</a>	<a href="http://www.audit.gov.bn">http://www.audit.gov.bn</a>
<b>Cambodia</b>	<a href="mailto:uthchhorn@naa.gov.kh">uthchhorn@naa.gov.kh</a>	
<b>China</b>	<a href="mailto:cnao@audit.gov.cn">cnao@audit.gov.cn</a>	<a href="http://www.audit.gov.cn">http://www.audit.gov.cn</a>
<b>Cyprus</b>	<a href="mailto:cao@cytanet.com.cy">cao@cytanet.com.cy</a>	<a href="http://www.audit.gov.cy">http://www.audit.gov.cy</a>
<b>Georgia</b>	<a href="mailto:chamber@gol.pe">chamber@gol.pe</a> <a href="mailto:chamber@geomail.pe">chamber@geomail.pe</a>	<a href="http://www.control.pe">http://www.control.pe</a>
<b>India</b>	<a href="mailto:ir@cag.gov.in">ir@cag.gov.in</a>	<a href="http://www.cag.gov.in">http://www.cag.gov.in</a>
<b>Indonesia</b>	<a href="mailto:asosai@bpk.go.id">asosai@bpk.go.id</a>	<a href="http://www.bpk.go.id">http://www.bpk.go.id</a>
<b>Israel</b>	<a href="mailto:sco@mevaker.gov.il">sco@mevaker.gov.il</a>	<a href="http://www.mevaker.gov.il">http://www.mevaker.gov.il</a>
<b>Iran</b>	<a href="mailto:pria@dmk.ir">pria@dmk.ir</a>	<a href="http://www.dmk.ir">http://www.dmk.ir</a>
<b>Japan</b>	<a href="mailto:liaison@jbaudit.gov.jp">liaison@jbaudit.gov.jp</a>	<a href="http://www.jbaudit.go.jp">http://www.jbaudit.go.jp</a>
<b>Jordan</b>	<a href="mailto:Audit.b@nic.net.jo">Audit.b@nic.net.jo</a>	<a href="http://www.audit-bureau.gov.jo">http://www.audit-bureau.gov.jo</a>
<b>Korea</b>	<a href="mailto:koreasai@koreasai.go.kr">koreasai@koreasai.go.kr</a> <a href="mailto:boi_kor@hotmail.com">boi_kor@hotmail.com</a>	<a href="http://www.bai.go.kr">http://www.bai.go.kr</a> <a href="http://www.koreasai.go.kr">http://www.koreasai.go.kr</a>
<b>Kuwait</b>	<a href="mailto:fawziaa@audit.kuwait.net">fawziaa@audit.kuwait.net</a> <a href="mailto:training@sabq8.org">training@sabq8.org</a>	<a href="http://www.audit.kuwait.net">http://www.audit.kuwait.net</a>
<b>Kyrgyzstan</b>	<a href="mailto:whl@mail.elcat.kg">whl@mail.elcat.kg</a>	----
<b>LAO-PDR</b>	----	----
<b>Malaysia</b>	<a href="mailto:jbaudit@audit.gov.my">jbaudit@audit.gov.my</a> <a href="mailto:ag@audit.gov.my">ag@audit.gov.my</a>	<a href="http://www.audit.gov.my">http://www.audit.gov.my</a>
<b>Mauritius</b>	<a href="mailto:auditdep@intnet.mu">auditdep@intnet.mu</a>	<a href="http://ncb.intnet.mu/audit/index.htm">http://ncb.intnet.mu/audit/index.htm</a>
<b>Maldives</b>	<a href="mailto:maldago@dhivehinet.net.mv">maldago@dhivehinet.net.mv</a>	----
<b>Mongolia</b>	<a href="mailto:mnao@mnao.pmis.gov.mn">mnao@mnao.pmis.gov.mn</a> <a href="mailto:mnaoadmin@magicnet.mn">mnaoadmin@magicnet.mn</a>	----
<b>Myanmar</b>	----	----
<b>Nepal</b>	<a href="mailto:oagnp@ntc.net.np">oagnp@ntc.net.np</a>	<a href="http://www.oagnepal.com">http://www.oagnepal.com</a>
<b>New Zealand</b>	<a href="mailto:oag@oag.govt.nz">oag@oag.govt.nz</a> <a href="mailto:information@oag.govt.nz">information@oag.govt.nz</a>	<a href="http://www.oag.govt.nz">http://www.oag.govt.nz</a>
<b>Oman</b>	<a href="mailto:irdep@sai.gov.om">irdep@sai.gov.om</a>	<a href="http://www.sgsa.com">http://www.sgsa.com</a>
<b>Pakistan</b>	<a href="mailto:saipk@isb.comsats.net.pk">saipk@isb.comsats.net.pk</a>	<a href="http://www.agp.gov.pk">http://www.agp.gov.pk</a>
<b>Papua New Guinea</b>	<a href="mailto:agois@ago.gov.pg">agois@ago.gov.pg</a>	----
<b>Philippines</b>	<a href="mailto:gemcarague@coa.gov.ph">gemcarague@coa.gov.ph</a>	<a href="http://www.coa.gov.ph">http://www.coa.gov.ph</a>
<b>Russia</b>	<a href="mailto:zylis@ach.gov.ru">zylis@ach.gov.ru</a> <a href="mailto:intrel@ach.gov.ru">intrel@ach.gov.ru</a>	<a href="http://www.ach.gov.ru">http://www.ach.gov.ru</a>
<b>Saudi Arabia</b>	<a href="mailto:gab@gab.gov.sa">gab@gab.gov.sa</a>	<a href="http://www.gab.gov.sa">http://www.gab.gov.sa</a>
<b>Sri Lanka</b>	<a href="mailto:oaggov@sitnet.lk">oaggov@sitnet.lk</a>	<a href="http://www.auditorgeneral.lk">http://www.auditorgeneral.lk</a>
<b>Thailand</b>	<a href="mailto:int_rela@oag.go.th">int_rela@oag.go.th</a>	<a href="http://www.oag.go.th">http://www.oag.go.th</a>
<b>Turkey</b>	<a href="mailto:Savistay.baskan@savistay.gov.tr">Savistay.baskan@savistay.gov.tr</a> <a href="mailto:int.relations@savistay">int.relations@savistay</a>	<a href="http://www.savistay.gov.tr">http://www.savistay.gov.tr</a>
<b>U.A.E.</b>	<a href="mailto:saiuae@emirates.net.se">saiuae@emirates.net.se</a>	<a href="http://www.saiuae.gov.se">http://www.saiuae.gov.se</a>
<b>Vietnam</b>	<a href="mailto:vietnamsai@hn.vnn.vn">vietnamsai@hn.vnn.vn</a>	<a href="http://www.kiemtoannn.gov.vn">http://www.kiemtoannn.gov.vn</a>
<b>Yemen</b>	<a href="mailto:coca@y.net.ye">coca@y.net.ye</a> <a href="mailto:gtz@y.net.ye">gtz@y.net.ye</a>	----

*Electronic communication between Supreme Audit Institutions is increasing rapidly. In view of this, a list of e-mail and World Web Site Addresses of ASOSAI members (as available with us) have been compiled and shown in the above table. It is requested that addresses of those SAIs that do not in appear in the table may please be intimated to the Editor for incorporating in the future issues of the Journal. Please, also let us know in case there are any modifications to the addresses listed above.*

## Other Important e-mail/webpage addresses

### Other Important e-mail/webpage addresses

Country	E-mail address	Web Page
INTOSAI	<a href="mailto:intosai@rechnungshof.gv.at">intosai@rechnungshof.gv.at</a>	<a href="http://www.intosai.org">http://www.intosai.org</a>
ASOSAI	<a href="mailto:ir@cag.gov.in">ir@cag.gov.in</a>	<a href="http://www.asosai.org">http://www.asosai.org</a>
EUROSAI	<a href="mailto:eurosai@tcu.es">eurosai@tcu.es</a>	<a href="http://www.eurosai.org">http://www.eurosai.org</a>
OLACEFS	<a href="mailto:omar1@contraloria.gob.pa">omar1@contraloria.gob.pa</a>	<a href="http://www.olacefs.org.pa">http://www.olacefs.org.pa</a>
SPASAI	<a href="mailto:enquiry@oag.govt.nz">enquiry@oag.govt.nz</a>	<a href="http://www.spasai.org">http://www.spasai.org</a>
INTOSAI Development Initiative (IDI)	<a href="mailto:idi@idi.no">idi@idi.no</a>	<a href="http://www.idi.no">http://www.idi.no</a>
INTOSAI Working Group on IT Audit (WGITA)	<a href="mailto:ir@cag.gov.in">ir@cag.gov.in</a>	<a href="http://www.intosaiitaudit.org">http://www.intosaiitaudit.org</a>
Working Group on Environmental Auditing	<a href="mailto:info@wgea.org">info@wgea.org</a>	<a href="http://www.environmental-auditing.org">http://www.environmental-auditing.org</a>
Working Group on Privatization, Economic Regulation and Public-Private Partnerships (PPP)	<a href="mailto:Tim.Burr@nao.gsi.gov.uk">Tim.Burr@nao.gsi.gov.uk</a>	<a href="http://www.nao.gov.uk/intosai/wgap/home.htm">http://www.nao.gov.uk/intosai/wgap/home.htm</a>
International Journal of Government Auditing	<a href="mailto:intosaijournal@gao.gov">intosaijournal@gao.gov</a>	<a href="http://www.intosaijournal.org">http://www.intosaijournal.org</a>

# ASOSAI Calendar 2008

## ASOSAI Calendar for the year 2008

Month/Dates	Venue	Event
January 23-25	Beijing, China	2 <sup>nd</sup> meeting of the 8 <sup>th</sup> ASOSAI Research Project on Guidelines on Environment Audit
February		
March 1-18	Laos	Design meeting for the Strengthening Quality Assurance
April 9	Oslo, Norway	IDI Board meeting
May		
June		
July 21-23	Malaysia	3 <sup>rd</sup> Meeting of the 8 <sup>th</sup> ASOSAI Research Project on Guidelines on Environment Audit
August 4-16 11-17 18-29	Mongolia Malaysia Malaysia	Workshop on ASOSAI-INTOSAI Development Initiative Quality Assurance Instructors Design Meeting for ASOSAI Performance Audit workshop ASOSAI Sponsored workshop on Performance Audit”
September		
October		
November 18-20 DTBF	Lahore, Pakistan Indonesia	39 <sup>th</sup> meeting of the Governing Board of ASOSAI Review Meeting of ASOSAI-IDI Quality Assurance
December DTBF	Pakistan	4 <sup>th</sup> Meeting of the 8 <sup>th</sup> ASOSAI Research Project on Guidelines on Environment Audit

**DTBF = Dates to be finalised**