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The Asian Journal of Government Audit is published twice in a year in English on behalf of the Asian Organisation of Supreme Audit Institutions (ASOSAI). The Journal is an official organ of ASOSAI and has the objectives of promoting sound and effective State Audit Systems and providing ASOSAI members with a forum for sharing of experiences in different areas of State Audit. Articles, Special Reports, News items and other material on State Audit and related fields are invited for inclusion in the Journal.

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Editorial

Dear Colleagues I am pleased to bring out another issue of the Asian Journal of Government Audit. This April 2011 issue is the first issue of year 2011 which, apart from the material contributed by member SAls, covers the Reports on INTOSAI and ASOSAI activities during the period from October 2010 to April 2011. This issue contains a brief report on the XX INCOSAI held in November 2010 in Johannesburg, South Africa under INTOSAI News column.

As an effort to maximize the involvement of the member SAls in publication of this Journal, we have introduced two new columns. One column is the 'Editorial' article, in which we expect the Head of one of the member SAls to contribute their views and suggestions about the working and performance of ASOSAI. The other newly introduced column is 'From the desk of the Secretary General of ASOSAI'. In this column, the Secretary General will share his views and ideas for the betterment of audit fraternity in the region through ASOSAI. Mr. Liu Jiayi, the Auditor General of People's Republic of China has very kindly provided the first Editorial article .

Apart from these usual features like information about the new heads of SAls, updates on activities in member SAls this issue includes the material contributed by member SAls in the form of articles on Report on Environment Audit, Institutionalization of Performance Audit, Procedures and Techniques for Audit Evidences and Role of SAls in Promoting Transparency, Accountability and Fighting Corruption.

I invite all the member SAls to contribute material in the form of Editorial article, reports, information and articles for future issues and participate in achievement of the objective of sharing information knowledge and experiences among the fellow member SAls.

I hope that the information and articles contained in this issue as contributed by members will be of interest and value to our community. I request the valued feedback and inputs from all readers to help us in our constant efforts for improvement at ir@cag.gov.in.



(JAGBANS SINGH)

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The Important Role of Audit in Promoting National Governance in China

National Governance is the control over, management of and delivery of service for national and social affairs through allocating and operating of state power, with the aim of protecting interests of the state, rights of the people, maintaining social stability, safeguarding national security, and achieving sustainable development of the country. In this process, the state entrusts the power and responsibilities on the allocation, management and application of public resources to certain public institutions and their representatives.



Liu Jiayi
Auditor General
The National Audit Office of P. R. China

In addition, the State authorizes procedures in the form of legal provisions to oversee the execution of power and fulfillment of responsibilities by the institutions to whom the powers have been assigned. One such oversight activity conducted by a special institution is national audit. National audit originates from the needs for ensuring national governance; the targets of national governance highlight the future orientation of national audit. Auditing is an indispensable component of national governance and an important check and balance on execution of power by institutions in accordance with the law; by its nature, auditing serves as the immune system ensuring healthy economic and social development.

Based upon these thoughts, the National Audit Office of China CNAO, like SAIs in other countries of the world, has played an important role in promoting national governance by performing its audit functions from the following perspectives:

---- Serving as the Check and Balance of Powers in the National Power Structure

CNAO carries out audits and special investigations in all departments and agencies managing public funds and all projects and items where public funds are used. CNAO conducts accountability audits of the public activities or business of leaders of Party committees, governments, public institutions and social organizations, as well as legal representatives of state-owned enterprises and enterprises with the state as the controlling share holder, with a view to promoting regulated power allocation and accountable operations.

---- Providing Timely, Objective and Reliable Information for Rational Decision - making

CNAO pays special attention in all its audits to gathering information and making analysis and reporting on the execution of relevant state policies and measures and the management of major construction projects. This provides an important basis and support for the State to make decisions for improving macro-control policies and intensifying management of public investments, in order to promote the implementation of various policies and measures for national governance.

---Disclosing Weak Links and Risks in the Management of Programs for Economic and social development

CNAO's audits are conducted in all areas of government activities. They include programs in fields such as energy, strategic resources, the operation of public finance and the economy, state information, local government debts, internal governance and regulation of public financial institutions, security of national assets, business risks of small and medium-sized enterprises, and provide timely and reliable information for ensuring decisions on national economic security.

---Focusing on People's Livelihood and the Protection of Resources and Environment

CNAO has strengthened its audits of the projects and funds related to agriculture, rural development, livelihood of farmers and city low-income people, education, medical care, housing, social security and environmental protection. CNAO audits facilitate the implementation of various policies and measures for the benefit of the people and the achievement of the planned results of government programs.

---Disclosing Systemic Problems

CNAO reports disclose problems from the perspective of system, mechanism and institutions and make recommendations for deepening reform and strengthening management based on thorough analysis with the aim to improve the systems and promote innovative national governance.

---Disclosing Violations of Laws and Regulations and Power Abuse Activities

In accordance with its legal responsibilities, CNAO plays an active role in combating corruption and has effectively promoted the rule of law and governance processes by institutions that accord with the law and best practice.

---Practicing Open Reporting of Audit Results and Related Audit Information

CNAO has a policy of open reporting and public announcement of audit results. These practices help ensure the public's right to information about government activities and right of participation in governance of the nation.

As the pace of globalization and scientific and technological progress accelerates in every aspect of life, SAIs are confronted by a number of complex challenges and difficulties when playing their roles in promoting national governance. To help us meet these challenges, the communication and cooperation among SAIs should be strengthened to share their good practices and experience in promoting national governance under the INTOSAI motto Mutual Experience Benefits All, and to achieve common development of the national audit function in the global arena.

From the desk of the Secretary General of ASOSAI

I would like to thank the editor of the Asian Journal of Government Audit for giving me an opportunity to meet with my dear colleagues through this new column "From the desk of the Secretary General." I hope that this column will serve as a channel for the Secretary General to communicate and interact with member SAI in a more informal and candid way.

As some of you may have been informed, I was appointed as Chairman of the Board of Audit and Inspection of Korea (BAI) in March 2011, a powerful institution in which the Korean people have great confidence and respect. It is a great honor for me to take office as the Chairman of BAI. This honor doubles as I also become Secretary General of ASOSAI by virtue of the chairmanship of the BAI. I am truly looking forward to cooperating closely with member SAI for the further development of ASOSAI.



Dr. Kun Yang
Secretary General

As you are well aware, ASOSAI was founded in 1979 when 11 SAI met in New Delhi for the first ASOSAI Assembly, and now it has grown more than four times with 45 full members. Despite the various backgrounds and characteristics of member SAI, ASOSAI has promoted mutual understanding, cooperation and knowledge sharing for more than 30 years in the spirit of the INTOSAI's motto "Mutual experience benefits all."

Launched in 1992, the ASOSAI sponsored workshop has provided diverse capacity building activities for member SAI to date. Cooperation programs with the INTOSAI Development Initiative (IDI) created more than 82 certified training specialists who have been or will be utilized intensively for ASOSAI training activities. Additionally, the Asian Journal of Government Audit which was first published in 1983 has contributed to providing members with a forum for sharing experiences in different areas of audit.

The ASOSAI Strategic Plan for 2005-2010 has greatly contributed to the development of ASOSAI. The newly updated ASOSAI Strategic Plan for 2011-2015 has been formulated through sincere commitment of its members and Task Force. This plan will provide the direction for future ASOSAI activities.

The outstanding growth and development of ASOSAI has been possible only with enthusiastic participation and cooperation of member SAI, and the great leadership and commitment shown by my predecessors.

Observing the deeds of my predecessors with respect, I wish to send my gratitude to them. At the same time, I feel enormous responsibility and an obligation as the new Secretary General. However, with the constant support of member SAI and the great leadership of Chair as well as my capable and devoted staff, I am more than confident that ASOSAI will achieve another leap forward. I will make good use of my experience as the former Regional Vice President of the International Ombudsman Institutes in Asia when I was Chairman of the Anti-Corruption and Civil Rights Commission of Korea (ACCC) from 2008-2009.

Considering the internal and external environments, ASOSAI has very diverse member SAI in different phases of evolution and development. Efforts should be made to bridge the gap between SAI and to strengthen capacity building of member SAI, given that only independent and competent SAI can play a pivotal role in enhancing accountability, transparency and good governance.

From the desk of the Secretary General of ASOSAI

Against this backdrop, INTOSAI made a historic MoU with the International Donor Community in October 2009. International Standards of Supreme Audit Institutions (ISSAI) was also approved at the 20th INCOSAI held in South Africa last November. These developments have enhanced the role of each regional Secretariat as a bridge between INTOSAI and member SAIs for the dissemination of these standards and the effective implementation of the INTOSAI-Donor cooperation project.

In addition, as the global financial crisis has presented many challenges to countries around the world and SAIs, we are under pressure to renew and innovate ourselves to be in tune with the increasing demands for the role and responsibility of SAIs. It is necessary that SAIs should demonstrate the values and benefits of SAIs toward our stakeholders, such as parliaments/legislative bodies, governments, the media and the general public.

Reflecting on these situations and recognizing that more needs to be done to achieve the objectives of ASOSAI, the main challenges ASOSAI should address include the following:

1. To implement the 2011-2015 strategic plan continuously in cooperation with member SAIs with a view to accomplishing the three goals: Institutional Capacity Building, Knowledge Sharing and Knowledge Services, and Leading Regional Working Group of INTOSAI.
2. To enhance the practicability and effectiveness of training programs for capacity building of auditors and the competency of SAIs in close cooperation with the Training Administrator (SAI Japan) and IDI, and to try to identify the diverse training needs of our members, such as training projects for the implementation of the ISSAI.
3. To encourage mutual support among member SAIs and foster the exchange of ideas, knowledge, and experiences through diverse knowledge sharing activities, such as seminars, symposia and research projects based on mutual interest and concern.
4. To strengthen the relationship and cooperation with INTOSAI, its regional groups including EUROSAI and other related organizations to bring about a wide range of advantages to member SAIs.
5. To modernize the operation of ASOSAI through process rationalization and enhance the functions of the ASOSAI website so that the website can present member SAIs with a forum for interactive communication.

I would not like to end these words without expressing the availability of the ASOSAI Secretariat to all members. I also want to give cordial thanks for the efforts that you have extended to the ASOSAI.

Building on past achievements and close cooperation among members, the ASOSAI Secretariat will double its endeavors to help SAIs enhance capacity building which is a prerequisite for the successful achievement of the role of SAIs. I look forward to working closely with our Chair, Pakistan, Governing Board members and all ASOSAI members. I will spare no effort to assure the successful operation of ASOSAI. Your suggestions and recommendations to the Secretariat and your opinions on the operation of the Secretariat will be highly appreciated, and I will certainly take them into account in operating the Secretariat with an open mind.

New Heads of SAIs

Japan

Mr. Hiroyuki Shigematsu, a Commissioner of the Board, assumed office as President of the Board of Audit of Japan on February 25, 2011, succeeding Mr. Masaki Nishimura whose mandate expired on February 16, 2011.

Mr. Shigematsu joined the Board of Audit in 1972 and held many important positions within the General Executive Bureau. Prior to his appointment as a Commissioner in 2009, he was the Secretary General of the Board.

In the related move, Mr. Yuji Morita was appointed as a Commissioner of the Board on February 21, 2011. Mr. Morita is a certified public accountant and worked as a partner of Deloitte Touche Tohmatsu Limited before his appointment. In addition, he has been the members of various government advisory boards.

A Commissioner serves for a term of seven years or until he/she reaches the mandatory retirement age of 65 years old. The President of the Board is appointed by the Cabinet on the basis of the peer election among three Commissioners.



Korea

Dr. Kun Yang took office as the 22nd Chairman of the Board of Audit and Inspection of Korea on 11 March 2011, and began his 4-year term as the Head of the Supreme Audit Institution of Korea.

He is one of the leading authorities in constitutional law in Korea, serving as chief of the Korean Public Law Association. He also carried out anti-corruption activities as part of the Citizens' Coalition for Economic Justice and as Chairman of the Anti-Corruption and Civil Rights Commission. As chairman of the Board of Audit and Inspection of Korea, Dr. Yang also assumes the responsibility of the Secretary General of ASOSAI.



His educational, academic and work career is as under:

Education

1974-1979	Seoul National University, LL.D.
1975-1976	University of Texas at Austin in Texas in the U.S.A., M.C.J.
1970-1972	Seoul National University, LL.M.
1966-1970	Seoul National University, LL.B.

New Heads of SAIs

Academic Career

2009-2011	Professor, College of Law, Hanyang University
2004-2005	President, Korean Public Law Association
2001-2003	President, Korean Educational Law Association
1999-2002	Dean, College of Law, Hanyang University
1986-2008	Professor, College of Law, Hanyang University
1985-1986	Associate Professor, College of Law, Hanyang University
1983-1984	Visiting Scholar, University of California at Berkeley in the U.S.A.
1981-1985	Associate Professor, Department of Law, Soongjun University
1976-1981	Assistant Professor, Department of Law, Soongjun University
1972-1975	Instructor, Department of Law, Korea Military Academy

Work Career

Mar. 11, 2011	Chairman, Board of Audit and Inspection of Korea; and Secretary General, ASOSAI (Asian Organization of Supreme Audit Institutions)
2008-2009	Chairman, Anti-Corruption and Civil Rights Commission
2000-2001	Unification Policy Committee member, Ministry of Unification
1998-1999	Chairperson of Civil Legislative Committee, Citizen's Coalition for Economic Justice
1998-2003	Commissioner, Commission for Prosecution Institutional Reform, Supreme Prosecutors' Office
1995	Policy Advisor, Ministry of Unification; and Chairman, National Policy Research Council
1994-1999	Commissioner, National Environmental Dispute Resolution Commission, Ministry of Environment

XX INCOSAI at a Glance



The XX International Congress of Supreme Audit Institutions (INCOSAI), which was hosted by Mr. Terence Nombembe and the Office of the Auditor-General of South Africa in Johannesburg, November 22–27, 2010.



- The XX INCOSAI was well-attended with over 500 delegates representing 152 supreme audit institutions (SAI), including 104 heads of SAIs, and 54 observers.
- The Secretary General reported on the implementation of the INTOSAI Strategic Plan 2005–2010 and presented the Strategic Plan 2011–2016, which was approved by the congress. INTOSAI identified the following strategic priorities for the coming years: helping to ensure the independence of SAIs, implementing the International Standards for Supreme Audit Institutions (ISSAI), strengthening SAI capacity building, communicating the value and benefits of SAIs, and fighting corruption.
- The Johannesburg Accords were adopted. The accords cover the discussions, conclusions, and recommendations from theme I (the value and benefits of SAIs) and theme II (environmental auditing and sustainable development).
- Progress was made on the Donor Funding Initiative, a key international effort to enhance the capabilities of SAIs in developing countries. In a meeting held days before the start of the congress, the INTOSAI-Donor Steering Committee made short- and long-term working plans to further implement its mandate.
- The congress voted to continue the position of Director of Strategic Planning, and Ms. Monika Gonzalez from the General Secretariat succeeded Ms. Kirsten Astrup in that role.
- The following changes were made to Goal 3 working groups and task forces:
 - A Task Force on SAIs Information Database was established to compile information about the INTOSAI community into one database for use by all members. The Task Force will be chaired by Mexico.
 - The congress approved the INTOSAI Guidelines for Communication, prepared by the Task Force on INTOSAI Communication Strategy. The task force was also dissolved.
 - The congress approved the dissolution of the Working Group on Privatization, Economic Regulation, and Public-Private Partnerships.

- The Jorg Kandutsch Award, which is given to members for exceptional implementation of INTOSAI goals within their regional working groups, was presented to the SAI of South Africa.
- The Elmer B. Staats Award, which is awarded for the best article—as judged by the Board of Editors of the International Journal of Auditing—since the last INCOSAI, went to Egbert Jongsma and Frederique de Graaf from the Netherlands Court of Audit for their article “Using Geographic Information Systems to Audit Efforts to Combat Money Laundering and Terrorism Financing,” published in the July 2008 Journal.
- The XXI INCOSAI will be hosted by the Auditor General of China in Beijing in 2013.



Josef Moser (right), INTOSAI General Secretary, presented the Jörg Kandutsch Award to Terence Nombembe (left), Auditor-General of South Africa, in recognition of the South African SAI's contributions to INTOSAI. Dr. Moser also recognized Juan M. Portal (center), Auditor General of Mexico, for his service as outgoing chair of the INTOSAI Governing Board.

Professional Standards Committee

Memorandum of Understanding Signed with Institute of Internal Auditors

At the XX INCOSAI, the Professional Standards Committee (PSC) entered into a memorandum of understanding (MOU) with the Institute of Internal Auditors (IIA). The agreement documents the alignment of the organizations' strategic objectives, acknowledges each other's global standards, and outlines the process for ongoing collaboration and cooperation.

This agreement supersedes a previous MOU signed in 2007 in Amsterdam, which created a structure for cooperation and collaboration between the two global standard-setting bodies. That earlier MOU also facilitated the development of INTOSAI Guidance for Good Governance (INTOSAI GOV) 9140: Internal Audit Independence in the Public Sector and INTOSAI GOV 9150: Cooperation and Coordination between SAIs and Internal Auditors in the Public Sector. These two documents are available at www.issai.org/composite-194.htm.

The new MOU expands collaboration between the two organizations, leveraging the work, experience, credibility, and effect of each. The MOU acknowledges that INTOSAI's International Standards for Supreme Audit Institutions (ISSAI) and the IIA's International Standards for the Professional Practice of Internal Auditing are recognized globally.

The two bodies will not only work toward a common language in regard to global standards but also offer insights and share information, research, tools, and other materials and resources. In addition, IIA and INTOSAI representatives agreed to observe each other's standard-setting boards and activities.

New Document on Independent Standard Setting

As part of its work plan for 2008–2010, the Subcommittee on Accounting and Reporting, chaired by Canada, drafted a paper entitled The Importance of an Independent Standard Setting Process. The paper was circulated to the INTOSAI community for comment in the autumn of 2010. In November 2010, the Professional Standards Committee presented the paper to the INTOSAI Governing Board, which approved it in Johannesburg. The paper was subsequently endorsed by the XX INCOSAI and is available under the Subcommittees tab of the Professional Standards Committee Web site at psc.rigsrevisionen.dk (Accounting and Reporting Subcommittee/ Research/ Discussion Papers and Others).

Working Group on Environmental Auditing

The 10th meeting of the Steering Committee of the Working Group on Environmental Auditing (WGEA) was held in Marrakech, Morocco, March 8-11, 2011. The participating countries were Brazil, Canada, China, Egypt, Estonia, Finland, India, Indonesia, Lesotho, Morocco, New Zealand, Norway, Tanzania, the United Kingdom, and the United States.

The meeting's busy agenda focused on adopting project plans for 2011–2013 and discussing environmental audit activities in the regional WGEAs in ARABOSAI, ASOSAI, EUROSAL, PASAI, and OLACEFS. As a result of the meeting, the Steering Committee adopted eight project plans covering a wide range of areas:

- land use and management,
- environmental data,
- sustainability reporting,
- environmental issues regarding infrastructure,
- impact of tourism on wildlife conservation,
- fraud and corruption,
- water, and
- Rio+20.

The Steering Committee also reviewed progress in four training projects and preparations for the next WGEA meeting in November 2011. All meeting materials are available on the official WGEA Web site: www.environmental-auditing.org.

The Secretariat expresses gratitude to the Court of Accounts of the Kingdom of Morocco for hosting the Steering Committee meeting.

ASOSAI Strategic Plan

The renewed ASOSAI Strategic Plan for 2011-2015 was approved by member SAs through due process. It started with the decision of the 39th ASOSAI Governing Board meeting held in Lahore, Pakistan in 2008 on forming a committee to update the Strategic Plan for 2005-2009.

At the 11th ASOSAI Assembly held in Islamabad, Pakistan in 2009, on the recommendation of the committee, it was decided to extend the 2005-2009 Strategic Plan for one year to cover 2010. A Task Force to update the ASOSAI Strategic Plan was formed at the same meeting, which consisted of the SAs of Japan, Korea, Pakistan, Saudi Arabia and Turkey.

The Task Force has worked intensively and effectively by way of online communication, going through many rounds of exchanging comments and opinions among the Task Force and member SAs. A draft 2011-2015 Strategic Plan was presented at the 42nd Governing Board meeting held in Hanoi, Vietnam in 2010. The Governing Board adopted the draft plan and decided to put the draft to a written vote among member SAs so that this plan could be enforced and implemented without any time delay. The Secretariat proceeded with the written vote by circulating the draft plan among member SAs in December 2010. Member SAs showed nearly unanimous support to the plan with forty four members – though three votes came in after the deadline – expressing their agreement to the plan. The updated 2011-2015 ASOSAI Strategic Plan was finally promulgated by the ASOSAI Chairman, Mr. Tanwir Ali Agha, in February 2011.

The ASOSAI Strategic Plan opens another chapter in the short but vivid history of ASOSAI. It maintains the elements of a modernized Strategic Plan, namely the Mission, Vision, Strategic Goals and Core Values. The ASOSAI Strategic Plan for 2011-2015 will be a significant cornerstone which will provide directions and strategies for future activities and the development of ASOSAI.

The ASOSAI family is confronted with the challenge of implementing the Strategic Plan for 2011-2015 continuously and consistently. The implementation of the Strategic Plan in letter and spirit will be achieved through devoted contribution and commitment by members. An Action Plan will be formulated by the Secretariat to support a successful implementation of the Strategic Plan.

■ Overview

Mission

ASOSAI is a professional and non-political organization established to enhance member SAI's professionalism; provide mutual support and understanding; foster continuous improvement among member SAI's; and promote cooperation with INTOSAI and other organizations in the field of public audit.

Vision

ASOSAI promotes good governance by enhancing the SAI's role to improve performance, effectiveness, transparency and accountability in the public sector.

Goal 1

Institutional Capacity Building

1. Enhance the practicality and effectiveness of training programs.
2. Explore e-learning as a future capacity building methodology.
3. Implement international audit standards and guidance in collaboration with INTOSAI.
4. Facilitate financial and technical assistance to capacity building activities.

Goal 2

Knowledge Sharing and Knowledge Services

1. Enhance the utility of the ASOSAI web-site and the ASOSAI Journal.
2. Increase opportunities for knowledge sharing and exchange of experiences.
3. Promote technical cooperation and consulting services among member SAI's.
4. Facilitate peer learning through sharing best practices.
5. Develop audit guidance and best practices through research on issues of mutual interests and concerns

Goal 3

Leading Regional Working Group of INTOSAI

1. Enhance the relationship among ASOSAI members.
2. Reinforce ties with INTOSAI and the Regional Working Groups.
3. Facilitate partnership with international donor community.
4. Continue to innovate and improve ASOSAI operation.
5. Promote the benefits of ASOSAI activities to the public.

Core Value

Independence, Integrity, Professionalism, Cooperation, Diversity, Innovation, Credibility, Inclusiveness

Cooperation with EUROSAI

Following the decision at the 42nd ASOSAI Governing Board meeting held in Hanoi, Vietnam on 4-5 August 2010, the first ASOSAI-EUROSAI Joint Conference will be held in Istanbul, Turkey from 22-23 September 2011 immediately after the 43rd ASOSAI Governing Board meeting. Dr. Recai Akyel, President of the Turkish Court of Accounts kindly offered to host this inaugural event.

The ASOSAI Secretariat has closely consulted with the EUROSAI Secretariat and the SAI of Turkey, the organizers of the 1st joint conference, according to the decision of the 42nd ASOSAI Governing Board meeting.

The theme of the 1st joint conference with EUROSAI was determined as “Challenges for ensuring transparency and accountability in public financial management” among the candidate themes which were suggested by ASOSAI.

The SAI's roles in and responsibilities for enhancing transparency and accountability of governments have increased in the wake of the global financial crisis. The conference will contribute to giving member SAI's an opportunity to engage in an active discussion on measures and methods for coping with challenges in fostering transparency and guaranteeing accountability. SAI's will also have a chance to exchange various experiences they have had while conducting audits in their respective countries.

The heads of the Governing Board and Audit committee member SAI's will participate in the conference at the initial stage, though the scope of participation may be widened to all EUROSAI and ASOSAI members. When cooperation is well established, it is expected that different and various modes of cooperation, such as exchange of experiences and experts, and training programs will be developed.

The conference is a significant milestone in our path towards enhancing transparency and accountability, and fortifying the relationship between both organizations.

The 9th ASOSAI Research Project

The first and second meetings of the 9th ASOSAI Research project on “Evaluation and Improvement of Internal Audit Systems and the Relationship between the Internal Audit Units and SAI's” were held in Seoul, Korea from 4-5 November 2010, and in New Delhi, India from 28-29 April 2011 with the administrative support of the Board of Audit and Inspection of Korea, and the Comptroller and Auditor General of India, respectively.

At the first meeting, the participants from 11 SAI's discussed the details of the project which included the detailed procedures for developing the questionnaires. The questionnaires were to be used to assess the existing Internal Audit Systems and identifying practices of cooperation between Internal Audit Units and SAI's. The questionnaires were needed to be filled out by each member SAI and the Ministry of Finance. They were sent on 18 March in the name of the ASOSAI Secretary General.



The second meeting was attended by a total of 21 participants from 12 research team members – China, India, Indonesia, Iran, Iraq, Korea, Kuwait, Malaysia, Pakistan, Russia, Saudi Arabia and Vietnam. Presentations and discussions on the status of Internal Audit Units – the overview, mandate, etc. – and the relationship with the SAI were made by each member SAI. Country papers of the research team will be included in the final report to complement the result of the questionnaires. The 3rd meeting of the research project will be held in late June in Malaysia and the final report of the research will be presented at the 12th Assembly to be held in Jaipur, India from 27 February to 3 March 2012.

ASOSAI Website

The ASOSAI website has added such new functions as online registration, survey and poll since February 2011.

Through the ASOSAI website, the Training Administrator will be able to facilitate nomination and the participants' registration procedures on the occasion of official ASOSAI capacity building events, such as ASOSAI seminars and workshops.

The added functions will also prove useful in identifying ASOSAI members' views and opinions on specific issues. For instance, data and information on international knowledge sharing events undertaken by member SAIs will be collected and disseminated through the website. These new features will contribute to promoting better communication and understanding among member SAIs.

Thanks to member SAIs' continued support and active participation, the ASOSAI website has been well established since its re-establishment in January 2010. It is hoped that the website will develop into an online hub in the area of public auditing by providing a forum for interactive communication among the SAI community and stakeholders.

IDI-ASOSAI Cooperation Program

Workshop for the program on Quality Assurance in Performance Audit
(Kuala Lumpur, Malaysia in November – December 2010)



A workshop for the program on Quality Assurance in Performance Audit (QAPA) was organized in Kuala Lumpur, Malaysia from November 29 to December 10, 2010 with the administrative support of the National Audit Department of Malaysia. An instructors' team comprising five ASOSAI training specialists from SAs of Bhutan, Mongolia, Nepal and Philippines, an experienced audit director from SAI Nepal delivered the workshop with the technical guidance of a Subject Matter Expert (SME) from India. A representative of the Training Administrator of ASOSAI (SAI Japan) also attended the workshop.

As agreed upon in the Cooperation Agreement prepared at the Strategic Planning meeting held in Hanoi, Vietnam in August 2010, eleven Quality Assurance (QA) teams from 11 SAs, namely SAs of Bangladesh, Bhutan, Cambodia, China, Indonesia, Malaysia, Mongolia, Nepal, Pakistan, Thailand and Vietnam were invited to the workshop (each team comprised three members with experience in performance audit.).

The workshop provided the QA teams with the concepts and processes relating to quality assurance in performance audit in order to conduct institutional and quality assurance reviews, and also facilitate the setting up and/or strengthening the quality assurance function in their SAs. The workshop was conducted by using a draft Quality Assurance Handbook and the course materials based on the best practice guidance such as the ASOSAI's Guidelines on Audit Quality Management Systems and relevant ISSAs as well as on the collective auditing experience of the instructors' team and an SME.

Review Meeting for the program on Quality Assurance in Performance Audit (QAPA)



A Review Meeting was held from April 28 to May 7, 2011 in Bangkok, Thailand with the administrative support of the Office of the Auditor General of Thailand.

The same Quality Assurance (QA) teams comprised of three members from 11 SAIs, namely SAIs of Bangladesh, Bhutan, Cambodia, China, Indonesia, Malaysia, Mongolia, Nepal, Pakistan, Thailand and Vietnam, which had participated in the workshop held in Kuala Lumpur, Malaysia from November - December 2010, and had conducted the pilot QA reviews after the workshop presented their pilot QA review reports, challenges faced and the lessons learned during the Review Meeting. Each team's presentation was followed by review comments of the resource team, which was comprised of five ASOSAI training specialists from SAIs of Bhutan, Mongolia, Nepal and Philippines, an experienced audit director from SAI Nepal, a Subject Matter Expert (SME) from India and an IDI Program Manager. A representative of the Training Administrator of ASOSAI (SAI Japan) also attended the meeting.

By attending the whole program on the QAPA, 11 SAI's QA teams have acquired both theoretical knowledge and field experience in planning and conducting QA reviews, based on which the teams modified the draft QA Handbook made by the resource team to tailor it to their respective SAI's needs.

(ASOSAI News contributed by Secretary General and Administrator of training activities)

Activities in member SAIs

SAI India



Celebration of 150th Anniversary of the institution of the Comptroller and Auditor General of India



The Institution of the Comptroller and Auditor General of India completed 150 years of its existence on 16th November 2010. The main inaugural function of celebrations of 150 years of the institution was organized in New Delhi in which the President of India, Prime Minister, Finance Minister, Communication & IT Minister, Chairman, Public Accounts Committee (PAC) and other important Government functionaries, Heads of SAIs of various countries, representatives of various UN agencies along with the officers of SAI India participated. On this occasion, we released our new Vision/Mission statements and commemorative Postage Stamp. The inaugural function was preceded by a seminar on “Enhancing Accountability and Governance” in which Heads of various SAIs and important stakeholders participated.

SAI India have offices in every state of India. As such the celebrations have been planned for the entire year in each of the states. These include:



- Seminars,
- Workshops with the Speakers of Legislative Assemblies, Chairmen and members of PAC/COPU
- Panel discussions
- Media coverage on the institution of CAG
- Cultural Programmes etc.

Besides this, a number of initiatives were begun during the anniversary year. Some of these are listed below:

- Setting up an international training centre dedicated to environment audit and social sector audit and organization of International seminar on environment audit.
- Public Awareness campaign about the SAI India and the Public Audit function.
- Engaging the Government for promoting good governance through various fora and taking the lead in introducing accrual accounting in Government.
- Formulation of the new Strategic Plan 2020

SAI India signed a Memorandum of Understanding with SAI South Africa

The Comptroller and Auditor General of India and Auditor General, South Africa entered into a Memorandum of Understanding for sharing knowledge and exchange of experiences in the field of public audit.

The MoU was signed on 20th March 2011 by Mr. Vinod Rai, Comptroller and Auditor General of India and Mr. Terence Nombembe, Auditor General of South Africa at Kumarakom (Kerala), India on the sidelines of Global Working Group Meeting.

Meeting of Global Working Group

The Global Working Group (GWG) is a forum of nineteen Auditors' General from around the world which meets annually for discussing issues relating to public audit and to explore opportunities to share information and work together.

SAI India hosted the 12th meeting of Global Working Group at Kumarakom Lake Resort in Kottayam, Kerala, India from 21st to 23rd March 2011. Four themes namely "Improving communication between SAls and their stakeholders", Capacity building of SAls-Challenges of staying abreast with the developments in operational environment of SAls in assisting weaker SAls in capacity building", Auditing third party service providers-Role of SAls in ensuring value for money from infrastructure development" and "The fallout of Global Financial crisis-Lessons arising for Government agencies and SAls were chosen.



SAIs of Germany, Japan, Mexico, Netherland, Sweden, Canada, India, Italy, Norway, Morocco, New-Zealand, South Africa, Australia, Austria, Denmark and USA presented their country papers. Dr. D. Subbarao, Governor of Reserve Bank of India was the guest speaker.



Meeting of the task force of Economic Co-operation and Development

The Organization for Economic Co-operation and Development (OECD) has set up a task force on Public Financial Management which is co chaired by the Chief Financial Management officer from the World Bank, is dedicated to share experiences on strengthening and facilitating the implementation of International commitments on effective support to Public Financial management reforms in partner countries. These commitments include a focus on Supreme Audit institutions as a key accountability institution in good Public financial management. Among the other important activities of OECD are good practice note on donor support to Supreme Audit Institutions (SAI)s and good practice note on donor support to Parliamentary oversight of budgetary process.



SAI India hosted the meeting of the task force which was held from 15 December to 16th December 2010 at New Delhi. Around 50-60 delegates from the task force side participated in the meeting. Keeping in view that most of the donors who have signed the MoU with the International Organization of Supreme Audit Institutions (INTOSAI) are also members of the working party on Aid Effectiveness, the hosting of this meeting in India not only benefitted SAI India but also added prestige to the country. This meeting provided us the an opportunity to support SAIs of developing countries in pursuit of Public Financial Management reforms in their respective countries.

SAI Korea



International seminar entitled “Strengthening External Public Auditing in the ASOSAI Region” in Seoul, Korea

The Board of Audit and Inspection of Korea (BAI) hosted an international seminar entitled “Strengthening External Public Auditing in the ASOSAI Region” in Seoul, Korea from December 13 to 18, 2010. The seminar was held as an effort to follow up the INTOSAI-organized Vienna Conference held in May 2010. 35 delegates from 31 ASOSAI member SAls and other related organizations attended the seminar.

On the first day, Mr. Bok-dong Ha, the then Acting Chairman of the BAI, opened the seminar with a warm welcome speech. Afterwards, four distinguished guest speakers shared their extensive knowledge and experiences on strengthening external public auditing by delivering keynote presentations: Mr. Ahmed Ataul Hakeem, the Comptroller and Auditor General of Bangladesh, on “Independence of the Supreme Audit Institution for effective public audit: prerequisites, challenges and responsibilities”; Mr. Patrick Barrett, the former Auditor General of the Australian National Audit Office, on “Audit independence is not a one-way street”; Mr. Roberto Villarreal, the Chief of the Development Management Branch of the UN DESA, on “Accountability, auditing and citizens' engagement: public policy issues to enhance development”; and Ms. Susanne Schwarz, international expert of the INTOSAI General Secretariat, on “Promoting SAI independence to strengthen external public auditing.”



On the following days, the seminar went on with country reports delivered by the distinguished participants. They discussed the current level of their respective SAls' independence, exchange ideas to develop best practices and explored the ways to strengthen external public auditing.

Reaffirming the conclusions and recommendations of the aforementioned Vienna Conference, the distinguished representatives of SAls adopted their own conclusions and recommendations to be implemented in the ASOSAI region. The participants of the BAI seminar held in 2010 recommended ASOSAI to:

- Continue to support INTOSAI to raise international awareness of the importance of SAI independence including the INTOSAI Initiative to incorporate the Lima and Mexico Declarations in UN documents;
- Conduct a periodic survey to assess the current level of the adherence of member SAls to the core principles of the Mexico Declaration, and actively participate in INTOSAI's efforts to develop an SAI database;
- Make best efforts to identify member SAls' needs and requirements in devising their strategic plans for capacity building; and
- Consider or adapt the ISSAIs and INTOSAI GOVs in the development, implementation and dissemination of their national auditing standards.

For further details on the recommendations and conclusions of the BAI Seminar on Strengthening External Public Auditing in the ASOSAI Region held in December 2010, please refer to the ASOSAI homepage.

SAI Kuwait



News about latest activities of State Audit Board of Kuwait

State Audit Bureau (SAB) participated in the “Environment Audit” training program held in India during the period 10 January to 4 February, 2011.

SAB participated in the “Performance Audit” international training program, held in Lahore, Pakistan during the period from 14 February to 19 March 2011.

SAB participated in the “Audit Quality Management”, held in India from 21 February to 4 March 2011.

Within the frame work of the bilateral cooperation between the member SAls and the exchange experts, SAB hosted the Auditor General of the Mongolian Republic and his accompanying delegation during the period from 18 to 21 March 2011 to view SAB's audit role and its relation with the different entities in the country, in addition to SAB activities in the internal and external training area, the tasks, and specializations of IT Department.

Within the scope of activating the cooperation agreement signed between the Supreme Audit Institution of Mongolia and SAB of Kuwait based on the exchange experiences among the two SAls to increase knowledge, support relations and to enhance the current strong relations, SAB held a training program about “Financial Audit -Performance Audit - IT Audit” in which the Mongolian SAI auditors participated during the period 24 April to 1 May 2011.

SAB participated in the work group meeting of the 9th ASOSAI Research Project on “Evaluation and improvement of Internal Audit Systems and the relationship between the Internal Audit Units and SAls”, held in New Delhi, India from 28 to 29 April 2011.

In terms of creating awareness among all the SAB Staff categories of the importance of the strategic planning, its dimensions and goals, SAB will organize the awareness campaign entitled “Together towards Distinction” during the period from 22 May to 9 June 2011. The said campaign shall include a workshop, seminar and general symposiums, including the professional distinction competition.

SAI INDIA

SAI India's Environment Audit report for the year 2010-11

Protection and conservation of the environment is increasingly becoming important, especially in light of observed climate change which has devastating consequences for the survival of humanity. In this context, effective environmental governance by the Executive is of utmost importance. This report of the Comptroller and Auditor General of India related to matters arising from audit of the transactions and performance of the Ministry of Environment and Forests. Ministry of Environment and Forests is the nodal agency in the Government of India for planning, promoting, coordinating and overseeing the implementation of environmental and forestry programmes. The principal activities undertaken by the ministry consist of conservation & survey of flora, fauna, forests & wildlife, prevention & control of pollution and afforestation & regeneration. The thrust of this audit report was to highlight issues relating to the adequacy and effectiveness of programmes, schemes and interventions made by the government to tackle important environmental issues like deforestation, biodiversity, control of pollution etc. This report also contained 37 specific recommendations which are expected to enable the Executive to take corrective action as also to frame policies and directives that will lead to improved environmental governance.

The audit findings in this report have been discussed under separate thematic headings relating to Afforestation, Biodiversity, Pollution Control and Environmental Education.

A brief synopsis of the report is as follows:

Theme: AFFORESTATION

Failure of a scheme for increasing tree cover

National Afforestation and Eco-Development Board (NAEB) released ₹ 47.03 crore to Voluntary Agencies (VAs) and State Forest Departments (SFDs)/Forest Development Agencies (FDAs) for implementing 647 afforestation projects. Audit observed that only 3.57 per cent of the projects sanctioned to VAs and 23 per cent of the projects sanctioned to SFDs/FDAs could be completed. As these agencies did not come back to NAEB for release of further installments, the possibility of misutilisation/fraud could not be ruled out. More than 93 per cent of the projects did not achieve their targeted objectives; thereby seriously impacting the efforts to increase tree cover in India.

Non achievement of objective of developing forest resources

National Afforestation and Eco-Development Board (NAEB) released ₹ 64 lakh to three Forest Development Agencies (FDAs) in Goa under the National Afforestation Programme for treating 1250 hectares of degraded forest land. However, only 85 hectares of land could be treated during the Tenth Plan period. NAEB could neither ensure successful implementation of the programme in the state nor recover the entire grant of ₹ 64 lakh and interest of ₹ 32 lakh from the concerned FDAs under the state government.

Theme: BIODIVERSITY

Regulation of Biodiversity in India

National Biodiversity Authority (NBA) was established in 2003 by the Government of India for the regulation, conservation and sustainable use of bio-resources of India. Even six years after its formation, NBA could not notify important regulations like access to biodiversity, transfer of results of research and intellectual property rights etc. Lists of endangered medicinal plants in India and measures for their conservation were not drawn up. NBA's efforts in identifying threatened endangered and endemic species and recommending guidelines for their conservation were inadequate as list of endangered species was prepared for only seven out of 28 states. It also failed to get the Peoples' Biodiversity Registers and database of biological resources prepared, both of which were vital for efforts at protection and conservation of biological resources. It had no information on grant of Intellectual Property Rights outside India on any biological resource obtained from India or knowledge associated with such biological resources which is derived from India.

Role of Botanical Survey of India in meeting India's commitments to the Convention on Biological Diversity

The Convention on Biological Diversity (CBD) was ratified in 1994 by 150 countries including India. To implement the provisions of CBD, objectives of Botanical Survey of India (BSI) were remodeled. However, BSI was not effective in meeting its remodeled objectives as there was inadequate identification/ documentation and monitoring of plant species. Very few surveys and explorations were carried out to identify and document the Protected Areas and Fragile ecosystems. The Red Data Book was updated in 1990 and last updated version was printed in 2003 thereby impacting conservation efforts. Further, identification of different ethnic groups associated with usage of plant species for different purposes was not done. BSI did not generate adequate data for in-situ conservation and it did not carry out ex-situ conservation, which impacted conservation of biodiversity. As such, BSI could not effectively fulfill its role in meeting India's commitment to CBD. Ministry of Environment and Forests needs to ensure that all necessary infrastructures is provided to BSI to effectively ensure conservation of precious biodiversity and also to meet its commitments to CBD.

Theme: POLLUTION CONTROL

Non-achievement of objectives of Ecocity Programme

Central Pollution Control Board (CPCB) initiated the 'Ecocity Programme' at a total cost of ₹ 30 crore under the Tenth Five Year Plan for implementation in six cities which were selected for the first phase of the programme in view of their cultural/historical/heritage and tourism importance. Works undertaken under the programme remained incomplete in all selected six cities and ₹ 1.88 crore was lying unspent with State Pollution Control Boards for over seven years. Thus, the objectives of the programme which was to improve the environment and bring in visible results through implementation of identified environmental improvement projects in selected towns and cities was not achieved.

Non-achievement of objectives of control of pollution caused by leather tanneries

National River Conservation Directorate (NRCD) sanctioned interest-free loan of ₹ 67.72 crore to Government of West Bengal for construction of a Common Effluent Treatment Plant at Bantala, about 20 km south-east of Kolkata. The project was originally targeted for completion by November 1997 but could not be completed as of June 2010. NRCD has sanctioned only four out of seven components under the project as yet. Delay of more than 12 years in completion of the project adversely impacted the objective of ensuring safe disposal of toxic industrial effluents and solid waste from tanneries, causing immense environmental damage and health risks.

Theme: ENVIRONMENTAL EDUCATION Activities of National Museum of Natural History, New Delhi

National Museum of Natural History (NMNH) was set up to promote environmental education all over the country. Its collections were old and archaic and its galleries/exhibits had not been changed/updated in the last 20 years. It had not developed any museum based projects and its activities in reaching out to children to educate them about environment and conservation were extremely limited. It had not undertaken any research and had failed to develop linkages with other agencies working in this area. Galleries were not maintained according to good standards and visitors had a very poor view about it. Review of activities of NMNH lead to the conclusion that NMNH did not justify its status of being a 'national' museum in light of its poor quality of exhibits and its amateurish efforts in the field of promoting environmental education in the country.

This Environmental Audit Report was presented to the Parliament in 2010 and was widely publicized in the press. It has been picked up for discussion by the Public Accounts Committee, the Parliamentary Committee that examines expenditures made by the Government of India.

SAI IRAN

Experience of the Supreme Audit Court of Islamic Republic of Iran (SAC) in relation with the institutionalization of Performance Audit (PA)

Based on the policy of the Senior President of SAC, H.E. Dr. Rahmani Fazli to institutionalize performance auditing as the most important audit method for achieving higher productivity, the Executive Committee on Performance Auditing with four distinctive sub-working groups was recently established in SAC. This initiative aimed at both the development and institutionalization of performance auditing in Iran. The main objective of the same committee includes policy making, planning for implementation of performance auditing, as well as supervision and evaluation of the same type of audit. The sub-working groups were established, with distinctive responsibilities, to provide expert support to the decisions made by the same Committee. The decisions made by the same sub-working group will be implemented after the approval of the committee.

The responsibilities of sub-working groups are as in the following:

1. The Training Sub-group:

- Identification of talented people for implementation of performance auditing and the related training matters in seminars and workshops both in Iran and abroad
- Research planning for performance auditing

2. Sub working groups on developing performance auditing guidelines and standards:

- Preparation of guidelines for planning, implementation and reporting of performance auditing based on INTOSAI standards as well as revision and updating the same guidelines
- Identification of sources for developing audit criteria to evaluate economy, efficiency and effectiveness elements by the auditing teams
- Providing support and guidance to audit teams regarding the appropriateness of audit criteria suggested for each audit topic.

3. Supervision and Evaluation Sub-group:

- Supervision on the proper implementation of performance audit plans in regard to compliance with the related auditing standards and guidelines
- Controlling the quality of performance audit reports and providing suggestions for improvement

4. Sub-working group on increasing awareness :

- Increasing awareness of stakeholders about the benefits of performance auditing. This is to create a common understanding of the basic principles and benefits of performance auditing through preparation of articles, holding meetings, consultation and other ways with the objective to expand the PA literature and expertise as well as developing the culture of accountability and good governance in auditees
- Seeking the cooperation of top management of auditees in creation of the necessary ground for the implementation of PA
- Creating the opportunity for stakeholders to access reliable and practical resources for PA
- Considering the needs of the stakeholders and recognition of priority areas for PA

It is noteworthy to mention that the Supreme Audit Court of Islamic Republic of Iran is planning to increase its capacity building and competence building in the area of PA. In this regard, it is the priority of the Iranian SAI to prepare local reliable literature about PA based on the guidelines of INTOSAI and ASOSAI. The Iranian SAI is ready to cooperate with working groups and committees of regional and international organizations of supreme audit institutions in research projects and comparative studies so that it becomes familiar with the better methodologies and PA experience of the leading countries in the same filed. Furthermore the Iranian SAI is planning to develop its own local PA guidelines.

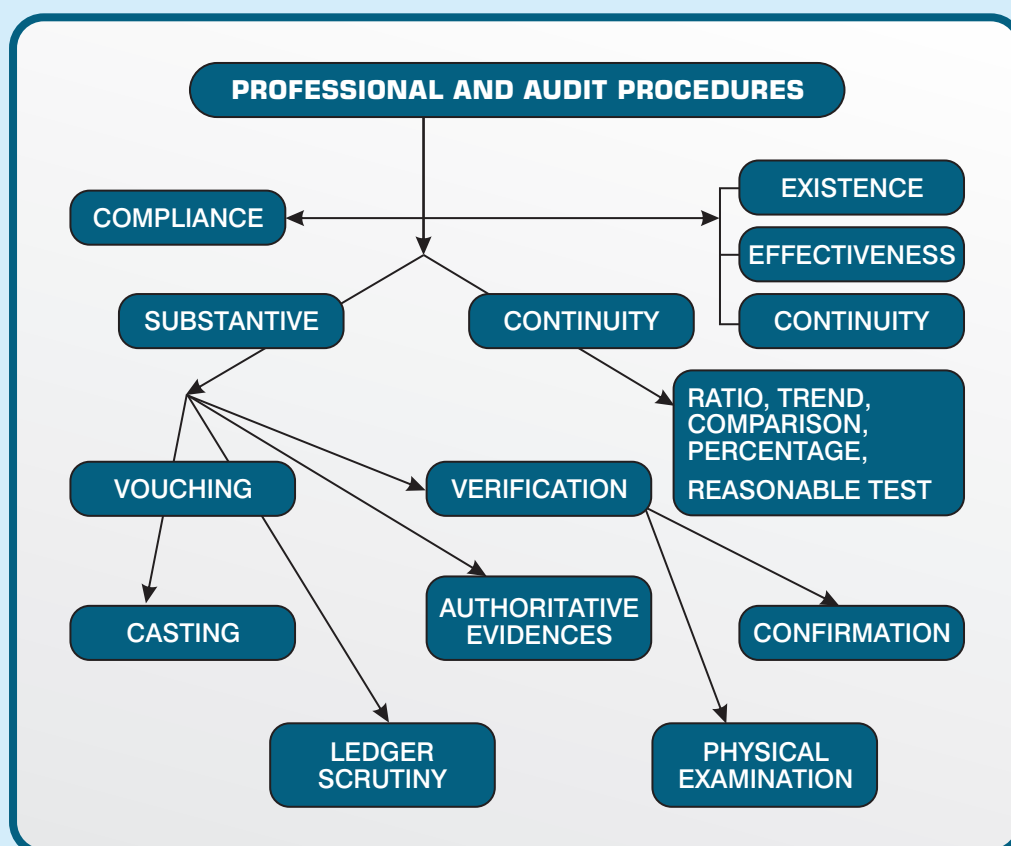
SAI NEPAL

Procedures and Techniques for Audit Evidences

- 1. Introduction** - A statutory auditor has to make an expression of independent opinion about the truth and fairness of the books of accounts and financial statements after examination on the same on a particular fiscal year. Primarily, the responsibility of auditor requires sufficient, relevant, appropriate and adequate information, explanation and supporting details as a reasonable basis for the expression of opinion as 'true and fair' or 'full and fair' view. True indicates 'facts' and fair stands for 'impartial'. For performance of this statutory duties and functions, every year, the auditor needs to be satisfied in their professional judgment that there is no risk of making erroneous observations, faulty conclusions, or inappropriate recommendations. The Office of the Auditor General of Nepal used to prepare annual audit plan and program and so does for the audit of the fiscal year 2009-10. The same has already been sent to every ministry, commission, board and council. In the annual audit plan of the fiscal year 2009-10, a new policy has been added for the first time from this year that every ministry and consolidated fund of the government as 'accounting entities' are provided the expression of opinion and views of the Auditor General and the rest of the accounting entities would be made available the same respectively in the years ahead. In this connection, our audit plan and programs should contain a detailed plan of applying audit procedures and techniques towards satisfactory discharge of the statutory responsibilities.

The auditor should complete the audit assignment with combination of procedure and composite set of techniques to identify any errors, frauds, manipulation and irregularities in financial transactions or whether system of accounting is free of material misstatement in both the primary and secondary objectives of audit. Only use of single audit techniques and procedures may not be able to trace out the discrepancies because of their limitations. Therefore, the role of the Auditor General is basically to ensure that public resources are efficiently used with minimum leakage for the benefits of the society at large with the nitty gritty.

- 2. Audit Procedure** - Notwithstanding anything every organization has input, process and output activities and a simple 'modus operandi' to translate the organizational objectives into results. Generally, control objectives are for keeping validity, completeness, authoritative, accuracy, classification, and attestation within proper period. Selection of an appropriate audit procedures is again a matter of professional experiences, prudence and judgment of auditors while performing audit procedures normally. It includes tests, instructions, and details to carry out the audit systematically and reasonably. The following diagram reflects the audit procedure.

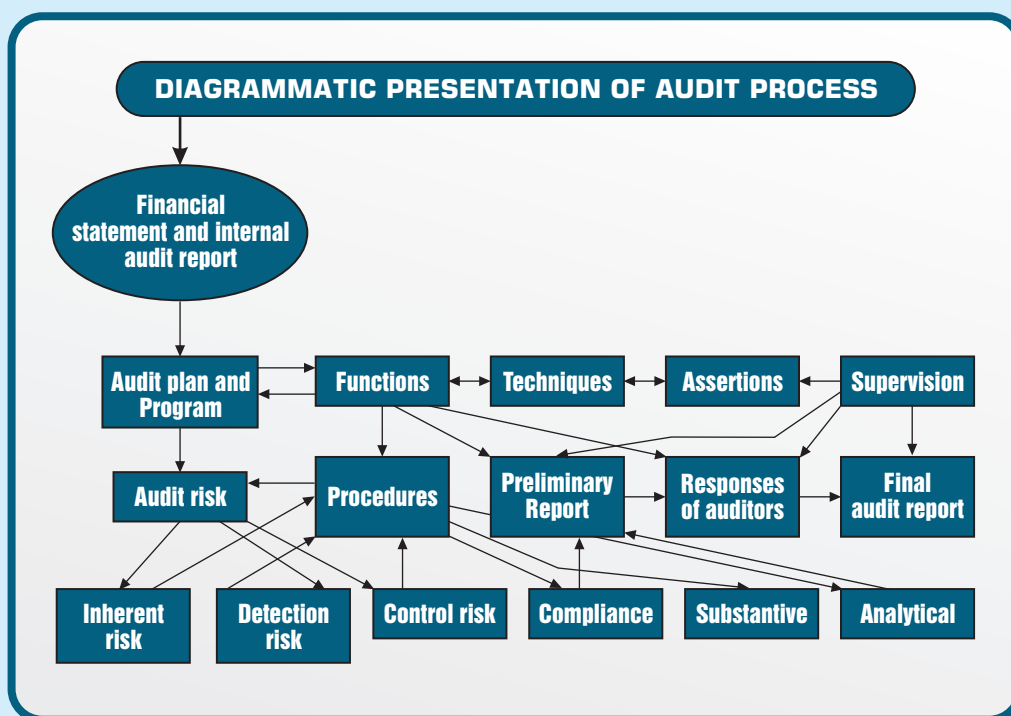


2.1 Compliance procedures - Auditors should get a higher level of assurance about the transactions that are adhered and obeyed to the covenants of applicable act, rules, fiscal procedures, accounting standards, procurement procedure, statutory requirements and rule of law. Obtaining audit evidence from procedure is supposed to have a reasonable assurance in respect of internal control on its existence, implementation, effectiveness and continuity. Overall, Management is responsible for establishing internal control system generally to be compatible with the statutory provisions of the Fiscal procedures act 1998, Fiscal procedures rules 2007, Public procurement act 2007, Public procurement rules 2007 and Traveling expenses rule 2007, and relevant prevailing rules and regulations particularly. It is one of the essential audit tests to determine control procedures regarding authorization, processing, and evaluation and safeguarding of the source and application of the government funds. Any finding from the compliance test is contrary to 'what should be' in accordance with law.

2.2 Substantive procedure - Substantive is to deal with real, important or serious matters. Therefore, substantive audit procedures require an examination through documentary evidences numbered chronologically, calculation for accuracy, justification of budget expenditures and test of transactions. It is normally conducted audit approaches after an auditor has already implemented the compliance procedures, when there appeared weak control environment and not providing sufficient, relevant and reliable evidences on which to base the opinion. Furthermore, substantive tests are conducted in areas which are not subject to internal control and hence are judgmental in nature. This approach relates to valuation, ownership,

existence, presentation on fixed assets, grants, internal accrual, loan, investment and other liabilities also.

2.3 Analytical procedures - Objective of the analytical procedures is to quickly help the auditors find out true or factual statements in any transactions. It is a supplementary technique in addition to the normal vouch on the basis of best estimate of auditors in post mortem audit. It derives assertions through the use of analyzing trend, ratio, process, comparison, reasonable test, investigating unusual fluctuations between current year and prior year and test of non routine transactions. Furthermore, it also analyses the proper relation between economic and non economic events, reasons of ups and downs, variances with the expected ones, and contributions of beneficiaries and counterparts of government. Analytical procedures are neither always effective for obtaining audit evidences nor it can replace other techniques. Certainly, it helps to mitigate the level of audit risk addressing the audit objectives.



3 Techniques - In general, an audit program includes the techniques to the respective areas of statutory accounting like methods, system, tools and means for individual's transactions, a class of transactions, account balances, periodical reporting and financial statements. By going through Peter Drucker's saying 'Getting more jobs in less time' can be realized through the application of procedures and techniques. At this moment of the transformation stage, we are also moving a little bit changing from hierarchical to team based conventional practice to risks based, compliance to result oriented, reactive to proactive and also rules (de-jure) to reasons (de-facto) approach gradually in this professional journey. Therefore, a saying goes like this 'Where techniques are used to complete the work, but the same cannot be by strength'. The following are the some of the common techniques that we may use during the auditing time around and such may be modified also on rotation according to needs:

Audit techniques and purposes

No.	Technique	Sources of Evidence	Action and Purpose
1.	Posting, Casting and cross checking	Subsidiary ledgers, statutory books of accounts and financial statements	Checking for accuracy, correctness, relevance and reliability for ascertaining facts
2.	Re-performance	Combination of computation, enquiry, inspection and observation	Performing an activity in the second time to ascertain the jobs correctly completed
3.	Inspection	Examination of accounting records, documents, annexure, corroborative evidences and other supporting details	Verifying with all supporting details within power, authority, deadlines and budgetary norms
4.	Vouching	Budget expenses, cashbook, test of control, journal, advance ledger, construction accounts,	Diligent effort for the reliability of financial transactions as test of conformity and authenticity with statutory mandates.
5.	Confirmation	Personal accounts, bank balances, sundry debtors, cash in hands, accounts receivable	To have higher level of assurance to extra information from third party, arrange the response to know the facts
6.	Inquiry	Knowledgeable office bearers, insiders and outsiders, Project manager, community members	Obtain appropriate written, formal, Informal, oral and hearsay evidence for an investigation or for the test of details for further explanation of facts.
7.	Observation	Witnessing a process or procedures being performed by others for individual items selected	Perception of the evidences gathered and make expression of the same after an event, e.g. counting of inventories, cash received and control procedures for the same
8.	Analytical	Financial statements, schedules, budget document annexure. Comparing ledger accounts with activities	Tracing the relationship among ratio, comparison, trend, comparison and common size analysis
9.	Physical examination	Cash balances, Equipments, Assets, liabilities and plant. Tangible items other than books and documents	Verify considering existence, ownership, measurement of assets completion report of achievement or progress
10.	Year- end Scrutiny	Capital expenditure ledger Unusual transactions Closing balances Advance ledger	Year-end month payments in June-July Verification of cash at hand Visit the project at site
11.	Re- computation	Performing self-calculation on accounting records and source	Checking for arithmetical accuracy of accounts, ledger balances
12.	Document review	Permanent and current audit working paper file, referral evidences project appraisal report	Very the records in a chronological orders in the books of accounts
13.	Walk-through test	Combination of enquiry, inspection and observation	Understanding the application of internal control system to some extent.
14.	Reconciliation	Head office accounts with regional as well as representative office including externally funded projects	Reconciliation to know the differences, gaps and shortages in accounts and sub ledger with general ledger accounts
15.	Consolidation process	Compilation of Financial statements of head office, representative, regional and externally funded projects	Consolidated financial statement showing total operational results

- 4 Segregation of evidences** - It is noteworthy that audit evidence is often persuasive rather than conclusive because they are derived from performing procedures and using techniques during the audit time around. Statutory Evidences and corroborative evidences are said to be competent and adequate if they conform to fact, valid reliable and be useful in reaching audit conclusion. The audit differences between the criteria and conditions, and also a support to opinions, conclusions and recommendations will appear in the auditor's preliminary and final report. Experience, skill, competence and knowledge make the auditors able to examine rationally the financial transactions, books of accounts and financial statements. It is the instruction of the acting Auditor General for the supervision team that whether the auditors have properly documented and recorded the use of compliance, analytical and substantive test in the audit working paper file. Basically, audit evidence usually falls into four categories irrespective of internal or external evidences with a few instances as disclosed below:-

Stages and list of Evidences

Types of Evidences	List of Evidences	Action and Purpose
Documentary – The extent of documentation is a matter of examination by auditors professionally. It is the most usual form of audit evidence.	<ul style="list-style-type: none"> ■ Bank statement ■ Management report ■ Monitoring report ■ Accounting records ■ Evaluation sheet ■ Project appraisal report ■ Project budget plan 	<ul style="list-style-type: none"> ■ Documentation review ■ Inspection of recording ■ File examination ■ Internal audit report ■ Study of previous audit
Testimonial – Testimonial evidence is obtained from some people who are unbiased knowledgeable Persons and independent third party through interviews, discussion and written statements in response to enquiries.	<ul style="list-style-type: none"> ■ Questions -answers ■ Responses from Enquiries ■ Discussion results ■ Members of the consumers committees 	<ul style="list-style-type: none"> ■ Meeting with beneficiaries ■ personal interviews nearing at site who are authorities work sites ■ Questionnaire with office bearers
Physical – It is obtained through observation and inspection of activities, people and events.	<ul style="list-style-type: none"> ■ Project site ■ Tangible assets ■ Stores 	<ul style="list-style-type: none"> ■ Observation ■ Inspection ■ Site Visit ■ Verification
Analytical – It is obtained by thinking, examining, investigating and making judgment about their reasonableness of data and information. The analysis for actual results may be on budget, expenses, income, grant between item for the financial year and prior year.	<ul style="list-style-type: none"> ■ Ratios ■ Trend ■ Comparison ■ Percentage ■ Reasonable test ■ Common size statement 	<ul style="list-style-type: none"> ■ Budget appropriation ■ Computation ■ Reconciliation ■ Study of relationship ■ Analysis of statutory report ■ Preparing draft report

- 5 Conclusion** - The choice of procedures and techniques is a matter of professional judgment. We can draw some differences between procedure and technique although they both are for audit evidences. Firstly, procedures may comprise a number of techniques where the later stands for the means and methods for carrying out the former systematically and reasonably. Secondly, procedures cover a broad frame of audit work but the technique is for collection and accumulation of audit findings. Thirdly, the former is for an examination of the regulations, documentary evidences and analysis of the information however the later for inspection, analysis, computation of books of accounts and records.

The test of transactions should clearly indicate nature, timing and extent of audit work be recorded after an overall explanation and conclusion. The nature is to make a relative emphasis on checking, coverage of confirmation and testing of control. The auditor should evaluate the internal audit function to the extent and depth of checking in accounting area. The extent of documentation is a matter of professional judgment since it is neither necessary nor practical that every observation, consideration or conclusion is documented in working paper. Timing relates with interim or final work e.g. perform test of detail closer to year-end. We expect every audit objections should have a reference of duty, responsibility, authority and functions of any responsible incumbents with applicable laws, regulations, norms and proper use of public funds.

SAI SAUDI ARABIA

The Role of SAIs in Promoting Transparency, Accountability and Fighting Corruption

As you know, financial and administrative corruption is a global phenomenon, having dangerous and destructive impact on nations and all peoples at large. This phenomenon is deeply rooted with many dimensions and overlapping elements, which are nearly identical. However, the spread of corruption differs from country to another, depending on some favorable conditions that contribute to this rampant scourge. Opinion leaders, researchers and intellectuals have paid considerable attention to this phenomenon. There is a consensus on and deep understanding of its grave and far-reaching consequences for nations and their progress.

On its part, INTOSAI took the initiative to embed this fact in its Second Strategic Plan: Corruption is a worldwide scourge, which jeopardizes public finance, legal systems and prosperity; endangers social security; and stands in the way of sustainable development and eradication of poverty, ignorance and diseases.

INTOSAI's Second Strategic Plan also stressed that INTOSAI should lead by example in fighting corruption, enhancing transparency and ensuring accountability. This requires international close cooperation and coordination between the various authorities, governmental and non-governmental organizations to confront this scourge. In fact, corruption causes damage to state institutions, leads to unethical and illegal practices, hinders development, wastes opportunities for progress and development, and squanders wealth and resources. Hence, societies bear and suffer from consequences such as underdevelopment, poverty, ignorance and oppression.

To tackle financial and administrative corruption effectively, we must start by diagnosing and identifying the causes for its aggravation, parties involved and spread factors. We believe that the main reasons behind corruption are greed, lack of conscience and religious morals, demonstrated by some influential and selfish people in both public and private sectors, in developed and developing countries alike. These corrupt groups don't hesitate to exploit such conditions as poverty, deprivation, high rates of unemployment and extreme divides between social classes, in order to achieve their illegal goals at any price, leading to widening the gap between the rich and the very poor.

The devastating impact of the recent global financial crisis on the world economy is undeniable evidence of the spread and exacerbation of corruption, fraud, dishonesty and lack of moral conscience. Laws, regulations and codes of professional conducts and ethics have been severely violated by a number of senior executives in both banking and financial sectors. They have overstepped all bounds in fraud, deviation and abuse of trust for making personal and illegal gains. All of these serious violations have occurred in the absence of effective supervision, control systems, proper regulation, and absence of accountability. This crisis, spurred by illegal and corrupt practices, has produced negative and far-reaching effects, where taxpayers were overburdened, a huge number of employees lost their jobs and millions of honest people lost their savings in many countries, while those who have caused all of these tragedies have escaped with golden parachutes.

Based on this grim reality, SAIs must take a resolute stand on the issue of corruption in order to play an effective role and demonstrate impartiality in fighting corruption, enhancing transparency, ensuring accountability, and promoting the values of justice and rule of law.

However, one of the first steps towards reform is that SAIs should maintain the principles and core values of independence, impartiality, credibility and professionalism in order to enhance transparency and ensure accountability through the professional practice and discharge of their duties and responsibilities. It is no longer acceptable for SAIs to remain inactive and watch such events from a distance; rather they should be proactive and demonstrate their ability to lead by example through their independence, objectivity and professionalism. Therefore, professional auditing standards should be applied by highly qualified and experienced staff. The SAI findings, recommendations and reports should also be fair, objective, reliable and credible in accordance with the Lima Declaration of 1997, Mexico Declaration of 2007 and Johannesburg Declaration of 2010, which were issued to further enhance SAIs' independence and set the basic principles of financial auditing in the public sector, including:

1. Emphasizing the independence of SAIs through the existence of an appropriate and effective constitutional/ statutory/legal framework and application provisions of such framework; unrestricted access to information and documents; financial and administrative autonomy and the availability of appropriate human, material, and financial resources; embedding the Lima and Mexico Declarations in a UN document with the aim of incorporating them in international law.
2. Developing and promoting the implementation of professional audit standards and methodologies, where existing International Standards of Supreme Audit Institutions (ISSAIs) should be regularly updated and that new ones should be regularly developed, as a work basis for the effective delivery of audit tasks.
3. Supporting SAI capacity building and development measures through continuous training, technical assistance, and other development activities.
4. Promoting the presentation of the value and benefits of SAIs as they help their respective governments improve performance, promote good governance, enhance transparency and ensure accountability.
5. Emphasizing the overriding importance of knowledge sharing and communication among INTOSAI members through unrestricted access to information and sharing experiences in order to improve public auditing.

In fact, we need today more than ever to enhance transparency in our societies in order to contribute constructively to improving the performance of all auditees. We believe that there are several techniques helping achieve this goal, perhaps the most prominent of which are:

1. To develop and enforce regulations and laws for fighting corruption, maintaining integrity, enhancing transparency, and ensuring accountability.
2. To set up committees for maintaining integrity and fighting corruption in public institutions and agencies to promote and apply professional practices and ethics in the normal discharge of the different duties and functions.

3. To encourage civil society organizations to actively contribute to fighting corruption and protecting integrity through providing them with the necessary authorizations.
4. To foster enduring and moral values among the employees of both public and private sectors by introducing self-discipline and immunity against corrupt and illegal practices, maintaining integrity, and circulating the values of proper conduct through financial and administrative procedures.
5. To create an appropriate working environment in each government agency in order to meet the expectations of employees by offering them incentives to prevent deviations and resist corrupt practices, monitoring their performance, and applying the just principles of reward and punishment.
6. To call for the application of the rules of transparency and accountability to ensure that all staff perform their duties and functions in accordance with the applicable rules and regulations.
7. To fully comply with the principles of impartiality and objectivity in SAI recommendations and reports in order to provide officials and decision makers with highly reliable and credible information on the performance and practices of state agencies, help them make the right decisions in a timely manner, and enable them to hold those responsible for any misconduct and irregularities accountable. This would ensure performing the various duties and functions of state agencies and departments efficiently, effectively and economically.
8. To work on changing the negative image of SAIs, held by some officials, and to emphasize the SAI readiness and commitment to provide professional and objective consultations and advice to auditees.
9. SAIs should effectively contribute to the design and development of internal control systems so as to reduce the chances of errors and deviations and facilitate their detection and treatment once they occur.
10. To disclose the corruption cases and involved officials through the media, and prepare intended programs for awareness, correction and deterrence.

In fact, the key role of SAIs, in monitoring the implementation of reform and development programs and achieving the goals of sustainable development, help to verify the performance and efficiency of public institutions, actively contribute to sound decision-making, maintain integrity and fight corruption. As transparency is an effective tool for applying the rules of accountability, accountability can not be ensured without enhancing transparency in society as a whole. Therefore, transparency and accountability continue to be a citizen's right to power and good governance in the aware and civilized societies.

Thank you for your kind attention, wishing you and this Conference every success.

(Opening Statement by H.E. Osama J. Faquih, President of the General Auditing Bureau of Saudi Arabia. Chairman of ARABOSAI Governing Board in the 3rd EUROSAI/ ARABOSAI Conference)

Email/Webpage addresses of member SAIs

SAI	Email address	Home page
Afghanistan	cao@cao.gov.af	www.cao.gov.af
Armenia	vpal@parliament.am	www.coc.am
Australia	ian.mcphee@anao.gov.au ag1@anao.gov.au	www.anao.gov.au
Azerbaijan	office@ach.gov.az chairman@ach.gov.az	www.ach.gov.az
Bahrain	info@nac.gov.bh	www.nac.gov.bh
Bangladesh	international@cagbd.org	www.cagbd.org
Bhutan	auditorgeneral@bhutanaudit.gov.bt	www.bhutanaudit.gov.bt
Brunei Darussalam	jbaudbd@brunet.bn	www.audit.gov.bn
Cambodia	uthchhorn@naa.gov.kh	
China	cnao@audit.gov.cn	www.audit.gov.cn
Cyprus	cao@cytanet.com.cy	www.audit.gov.cy
Georgia	chamber@gol.ge, chamber@geomail.ge	www.control.ge
India	cag@cag.gov.in pdir@cag.gov.in	www.cag.gov.in
Indonesia	asosai@bpk.go.id	www.bpk.go.id
Iran	pria@dmk.ir	www.dmk.ir
Iraq	diwanirq@uruklink.net	
Israel	sco@mevaker.gov.il	www.mevaker.gov.il
Japan	liaison@jbaudit.go.jp	www.jbaudit.go.jp
Jordan	Audit.b@nic.net.jo	www.audit-bureau.gov.jo
Kazakhstan	esep_k@kazmail.asdc.kz	www.esep.kz
Korea	koreasai@koreasai.go.kr bai_kor@hotmail.com	www.bai.go.kr
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Kyrgyzstan	kyrsai@mail.ru, esep@esep.kg	www.esep.kg
LAO-PDR	sao@etllao.com	
Malaysia	jbaudit@audit.gov.my ag@audit.gov.my	www.audit.gov.my

Email/Webpage addresses of member SAIs

	Email address	Webpage
Maldives	info@audit.gov.mv, maldago@dhivehinet.net.mv	
Mauritius	auditdep@intnet.mu	http://ncb.intnet.mu/audit/index.htm
Mongolia	mnao@mnao.mn	www.mnao.mn
Myanmar	AUDITORGENERAL@mptmail.net.mm	
Nepal	oagnep@ntc.net.np, infoag@most.gov.np	www.oagnepal.gov.np
New Zealand	oag@oag.govt.nz; information@oag.govt.nz	www.oag.govt.nz
Oman	irdep@sai.gov.om	www.sai.gov.om
Pakistan	saipak@isb.comsats.net.pk	www.agp.gov.pk
Papua New Guinea	gsullimann@ago.gov.pg, agois@ago.gov.pg	
Philippines	gemcarague@coa.gov.ph, lbdimapilis@coa.gov.ph	www.coa.gov.ph
Qatar	info@abd.gov.qa	www.abd.gov.qa
Russia	zylis@ach.gov.ru, intrel@ach.gov.ru	www.ach.gov.ru
Saudi Arabia	gab@gab.gov.sa	www.gab.gov.sa
Singapore	ago_email@ago.gov.sg	www.ago.gov.sg
Sri Lanka	oaggov@slt.net.lk	www.auditorgeneral.lk
Thailand	int_rela@oag.go.th	www.oag.go.th
Turkey	Sayistay.baskan@sayistay.gov.tr	http://www.sayistay.gov.tr
U.A.E.	president@saiuae.gov.ae	www.saiuae.gov.ae
Vietnam	vietnamsai@hn.vnn.vn	www.kiemtoannn.gov.vn
Yemen	coca@y.net.ye ; gtz@y.net.ye	

Electronic communication between Supreme Audit Institutions is increasing rapidly. In view of this, a list of e-mail and World Web Site Address 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 Email/Webpage Addresses

	Email address	Webpage
INTOSAI	intosai@rechnungshof.gv.at	www.intosai.org
ASOSAI	koreasai@koreasai.go.kr	www.asosai.org
EUROSAI	eurosai@tcu.es	www.eurosai.org
OLACEFS	omral@contraloria.gob.pa	www.olacefs.org
PASAI	enquiry@oag.govt.nz	www.pasai.org
ARABOSAI		www.arabosai.org
INTOSAI Development Initiative (IDI)	idi@idi.no	www.idi.no
INOSAI Working Group on IT Audit (WGITA)	ir@cag.gov.in	www.intosaiitaudit.org
Working Group on Environmental Auditing	info@wega.org	www.environmentalauditing.org
Working Group on Privatisation, Economic regulation and Public Private Partnership (PPP)	Tim.burr@nao.gsi.gov.uk	www.nao.gov.uk/intosai/wgap/home.htm
International Journal of Government Auditing	intosaijournal@gao.gov	www.intosaijournal.org
Asian Journal of Government Audit	ir@cag.gov.in	http://asosai.org/documents/doc_journal_list.jsp

ASOSAI Calendar 2011

Year	Month	Dates	Event
2011	January	20-21	GTZ-Sponsored Project at Bangkok, Thailand
	February		
	March		
	April	28-29	2 nd Meeting for the 9 th ASOSAI Research Project in India
	May	28 April to 7 May	Review meeting for the Program on Quality Assurance in Performance Audit(QAPA) of the IDI-ASOSAI Cooperation Program
		May 31 to June 8	JICA-sponsored ASOSAI seminar
	June	16 - 17	3 rd Meeting for the 9 th ASOSAI Research Project in Malaysia
		4 - 15	Instructors' design meeting for the ASOSAI-sponsored workshop
	July	13-15	21 st UN/ INTOSAI Symposium
	August		
	September	19-21	The 43 rd ASOSAI Governing Board Meeting in Istanbul, Turkey
		22-24	The 1 st ASOSAI –EUROSAI Joint Conference
		25-26	ASOSAI-IDI Strategic Planning Program Meeting
		27-29	4 th Meeting for the 9 th ASOSAI Research Project in Kuwait
	October	11-14	ASOSAI Seminar
	November	7-18	ASOSAI Sponsored Workshop on Public Debt in Beijing, China
	December	DTD*	5 th Meeting for the 9 th ASOSAI Research Project in Indonesia

* DTD = Dates to be decided

