⊕ASOSAI

ASIAN JOURNAL
OF GOVERNMENT AUDIT

APRIL 2019

ASIAN ORGANISATION OF
SUPREME AUDIT INSTITUTIONS

Asian Journal of Government Audit

Dear Colleagues,

We are happy to present this April edition of the ASOSAI Journal of Government Audit. The theme of the present edition is Role of SAIs in detecting Fraud and Corruption. This edition has contributions from SAIs of India, Iran, Kuwait, Turkey, UAE and Vietnam.

In his article on Role of SAIs in detecting Fraud and Corruption, Mr. Pushkar Kumar of SAI India has drawn upon the INTOSAI guidelines for the audit of corruption prevention, the World Development Report and ASOSAI guidelines for dealing with fraud and corruption. He has presented a compilation of audit practices in SAIs under the Westminster Model, the Judicial or Napoleonic Model and the Board or Collegiate Model.

Mr. Sanjay Gaikwad has discussed about the audit focus and red flags after the fraud have been committed. He concludes that the fraud detection and prevention involves a multi-pronged strategy and pointed to the usefulness of analytics and other techniques in such audits.

In another article Mr. Faiyyaz Shojaey, Prosecutor General in the Supreme Audit Court of Islamic Republic of Iran has given an account of the institutional arrangements in SAI Iran in the field of fight against fraud and corruption and made recommendations for improving the jurisdictional activities of SAIs.

Ms. Fatimah Nabil of SAI Kuwait has outlined the role of Supreme Audit Institutions in detecting and preventing fraud and corruption. She has given examples from the GAO USA and referred to GAO's fraud risk framework. She has concluded that cooperation is the key to prevent and detect fraud.

In her article Ms. Setenay Koksal has discussed the basic concepts including ethics management and ethics infrastructure. She has drawn reference to the OECD recommendations on Public Integrity (2017). According to her, one of the main pillars of ethics management is ethics audit, which is a new area of auditing for SAIs. The author has also discussed the EUROSAI guideline on Audit of Ethics in Public Sector Organizations developed by a EUROSAI Task Force. The author concludes that

the SAIs have a particular role in promoting integrity/ethics infrastructure through ethics audit.

In another article contributed by SAI UAE, reference has been made to the INTOSAI vision, to OECD Convention on Combating Foreign Bribery and to the UN Convention against Corruption to promote transparency and accountability. The article highlights the efforts of SAI UAE in contributing to these.

The article contributed by the State Audit Office of Vietnam describes the role of the State Audit Office in detecting fraud and combating corruption.

This edition also contains an article by Turkish Court of Accounts on its audit management system and an article by FIPP Secretariat on the Framework of INTOSAI Professional Pronouncements (FIPP), which the readers will find useful.

We are thankful to Dr. Ho Duc Phoc, Chairman of ASOSAI and Auditor General of State Audit Office of Vietnam as well as to Ms. Hu Zejun, Secretary General of ASOSAI and Auditor General of the National Audit Office of the People's Republic of China for their messages.

We hope that the readers will find this edition of ASOSAI Journal useful. *We look forward to the continued support and feedback of our esteemed readers to improve the quality of the journal. You could contact us at ir@cag.gov.in or asosai.journal@gmail.com.*

(Praveen Kumar Tiwari)

Contents

Message from the Chairman of ASOSAI

Dr. HO DUC PHOC
AUDITOR-GENERAL OF VIET NAM
CHAIRMAN OF ASOSAI

Dear all ASOSAI Journal members and readers,

Corruption is a negative social phenomenon that is existing in many countries of the world. This problem not only causes serious damage to public resources and to the proper functioning of the state system but also violates social justice and fairness, lessening public trust in state institutions, and hindering national sustainable development and poverty reduction. Anti-corruption, therefore, is one of the most concerned issues of all countries; supreme audit institutions (SAI) are considered as an effective tool since they play an extremely important role in preventing and combating against corruption through auditing activities.

Almost countries set up official mechanism to oversee their financial performance and the efficiency of public institutions, among which SAI plays a key role. According to OECD (2011), SAI – an organization responsible for auditing government revenues and expenditures – acts as a supervisory body for national financial integrity by assessing whether public funds are effectively and efficiently regulated according to the rules.

Four core objectives in the Lima Declaration (INTOSAI, 1998) were adopted with high consensus, showing the relevance of audit activities with the anti-corruption issues:

(i) Reasonable and effective use of public funds;

(ii) Development of sound financial management;

(iii) Reasonable management of administrative operation;

(iv) Information and communication systems to public agencies and the public through public disclosure of objective reports.

As one of the pillars of national integrity system and the public financial supervisory body, SAIs' contribution to corruption prevention and combat is mainly referred to two ways: (i) Prevention and (ii) Detection.

Despite differences in legal frameworks, institutional models (whether Westminster, Judicial or Board), functions and duties of SAIs in each countries, they generally provide the function of deterrence and prevention in the fight against corruption. Besides prevention and deterrence, there has been public expectation that SAIs play an important role in detecting frauds and error evidences and thus coordinating with related authorities in charge of anti-corruption. This is an objective indispensability in accordance with INTOSAI's Mexico Declaration on SAI's independence in 2007.

In particular, the Resolution A/66/209 dated 22nd December, 2011 of General Assembly of the United Nations on "Promoting the efficiency, accountability, effectiveness and transparency of public management by strengthening the role of SAIs" recognizes the importance of SAI in promoting the efficiency, accountability, effectiveness and transparency of public management, which makes important contribution to ensure the integrity and the implementation of anti-corruption.

In the effort to raise the high awareness, especially to enhance the performance of ASOSAI members in the move against the corruption, I hope this edition of ASOSAI journal which focuses on the theme "*Role of SAIs in detecting fraud and corruption*" will help all readers to have better and more objective perspective on the role of SAI as well as obtain valuable experiences, good practices and lessons-learned to well contribute to the anti-corruption campaign of our nations and the Asian region.

From the desk of the Secretary General of ASOSAI

Ms. Hu Zejun, Secretary General of ASOSAI and Auditor General of the National Audit Office of the People's Republic of China

"A well-thought-out plan is a precondition to render great service". Within a six-year cycle, the Asian Organization of Supreme Audit Institutions (ASOSAI) draws a strategic blueprint to steer its own development. Up to now, the ASOSAI Strategic Plan for 2016-2021 has reached halfway milestone. Reviewing the course in the past three years, we are delighted to see that under the guidance of the strategic plan, ASOSAI has been committed to promoting the sustainable development of all member SAIs, vigorously upheld the core values of professionalism, cooperation, inclusiveness and innovation, with a vision for SAIs to improve good governance. We have achieved remarkable results in facilitating capacity building of member SAIs and advancing knowledge sharing and grown into a model regional organization. On behalf of the Secretariat of ASOSAI, I would like to express my sincere gratitude to all member SAIs for their response and participation in the strategic planning of ASOSAI. In addition, I would also like to deliver my sincere thanks to ASOSAI Working Group on Strategic Planning for its enormous contributions to the development and implementation of the strategic plan.

At present, the mid-term evaluation of ASOSAI Strategic Plan for 2016-2021 is progressing steadily, while a new round of planning will also be in the pipeline. At this conjuncture, let us work together to incorporate wisdom and strength to strategic planning, and fulfil key tasks as follows. First, steer the development direction, stick to ASOSAI mission in the development and implementation of strategic plan, and strive to upgrade the performance capacity of all member SAIs of ASOSAI, to promote the sustainable development of the economy and society. Second, put the strategy into practice properly by sharpening the leading edge and addressing weak links on the basis of a solid mid-term evaluation, in order to make breakthroughs at critical aspects and generate better outcomes in the

implementation of strategic plan. Third, give an impetus to innovation, face up to the ever-changing external environment, and solve new problems by improving strategic design and exerting pioneering efforts to echo with new requirements in the process of building ASOSAI into a better organization.

In retrospect of the previous achievements, the ASOSAI blueprint for strategic planning has been translated from concept and vision to action. Looking into the future, let us join our efforts as always, forge ahead towards the correct direction during the period of historical opportunity for the development of ASOSAI, and achieve the grand goal with practical efforts. I look forward to working with all of you and building a bright future of our own ASOSAI!

Role of SAIs in Detecting Fraud and Corruption

Mr. Pushkar Kumar
SAI India

Introduction

Corruption is a global phenomenon[1]. With globalization of economy pioneered by growth of finance capital and ICT revolution, the issue of fraud and corruption has emerged as a trans-boundary concern. In the absence of adequate level of control, an information technology (IT) system is more vulnerable to error than a corresponding manual system due to the automation and invisibility of transaction processing [2]. As per Corruption Perceptions Index (2018) published by Transparency International covering 180 countries, more than two-thirds of countries scored below 50 and vast majority of countries assessed have made little or no progress[3]. Corruption hurts the poor disproportionately by diverting funds intended for development, undermining a Government's ability to provide basic services, feeding inequality and injustice and discouraging foreign aid and investment[4].

The primary responsibility for preventing and detecting corruption vests with the administrative or law enforcement authorities, such as, the police or anti-corruption agencies. Role of Supreme Audit Institutions (SAIs)in combating fraud and corruption broadly revolves around verification of public accounts, regulatory compliance and adherence to standards of financial integrity. It varies considerably across the countries based on SAIs' mandate and national legislations covering the issue of fraud and corruption. Studies have shown that SAIs have a notable impact on reducing corruption, especially where SAIs are entrusted with greater sanctioning powers and audits are conducted independently and professionally[5]. SAIs often enjoy greater levels of citizen trust than other arms of government by way of contributing to anticorruption approaches in two main ways: deterrence and detection[6].Given the prevailing malaise, Strategic Planof INTOSAI included 'fight against corruption' as one of the five priorities during the period 2011-2016.

Fraud and Corruption

ASOSAI Guidelines (2003) for Dealing with Fraud and Corruption[7]definefraud and corruption (Para 1.8)"*Fraud involves deliberate misrepresentation of facts and/or significant information to obtain undue or illegal financial advantage. Corruption involves effort to influence and/or the abuse of public authority through the giving or the acceptance of inducement or illegal reward for undue personal or private advantage.*"

Fraud is an intentional action by one or more individuals involving the use of deception to obtain an unjust or illegal

---

[1]SDG (Target 16.5), Transforming Our World: The 2030 Agenda for Sustainable Development, 2015, United Nations.

[2] Assessing the Risk of IT Related Fraud, info IT P/26.

[3] Only 20 countries have made significant progress in recent years. Transparency International ranks countries on a scale of zero (highly corrupt) to 100 (very clean) in Corruption Perception Index 2018 (*Source: www.transparency.org/cpi*).

[4]United Nations Convention against Corruption (2004), P/iii.

[5] The-role-of-supreme-audit-institutions-in-fighting-corruption (August 15, 2018) P/9, Transparency International (*Source: https://www.u4.no/publications*).

[6]Ibid, P/8.

[7]*Source: https://www.scribd.com/document/254961759/ASSOSAI-Guidelines-for-Dealing-With-Fraud-and-Corruption.*

advantage, fraudulent financial reporting and misappropriation of assets is the primary consideration for an auditor in dealing with fraud.[8]Corruption is the abuse of public funds and/or office for private benefits and therefore affects good governance.[9] While the intent for fraud is false representation; obtaining or seeking reward as benefit for performance of an official act is referred to as corruption.

The ASOSAI Guidelines (para 1.10) therefore propose that while fraud and corruption should be perceived independently for their numerous implications, the auditors should be well aware of the complex correlation between the two issues. With increasing complexities of electronic transactions and accounting, proper assessments of risk of fraud[10] and corruption becomes critical for audit.

SAIs Mandate

System of audit and the role of Supreme Audit Institutions (SAIs) are integral part of the principle of separation of powers and system of checks and balances [11] which are an essential prerequisites for modern democratic governments. SAIs mandate is generally derived from constitutional provisions or Acts and rules. Entrusted with the responsibility of auditing revenues and expenditures of their respective governments, SAIs act as 'watchdog'

over the financial integrity, compliance with existing laws and assessing economy, efficiency and effectiveness of their operations covered under themes of financial, compliance and Performance audits. Specialized audits covering aspects such as environment, IT and other issues associated with social transformation are also increasingly becoming important for SAIs around the globe. A number of covenant and conventions against fraud and corruption[12] have come up in recent times in addition to the guidelines and reports of multilateral organizations and institutions. Use of computer software has helped tremendously in establishing red flags and in some cases, even quantify red flags in assessing fraud[13].

Approach and Methodology

INTOSAI Guidelines for the Audit of Corruption Prevention(2016) stipulate that the SAI's fight against corruption should be aimed at preventing corruption by analyzing occurrence, causes, areas and mechanisms of corruption phenomena during each audit and strengthening public institutions by identifying ways to reduce arbitrariness, simplify administrative procedures and eliminate unequal access to information.[14]Some of the measures suggested in World Development Report (1997, 2002 and 2004) for combating corruption are reducing opportunities, official

---

[8] International Standard on Auditing (ISA) 240 framed by International Auditing and Assurance Standards Board (IAASB) an independent standard-setting body of International Federation of Accountants (IFAC) (*Source: http://www.ifac.org/system/files/downloads/a012-2010-iaasb-handbook-isa-240.pdf Page 157-159*)

[9] Working definition of corruption adopted by the World Bank Group, cited in INTOSAI Guidelines for the Audit of Corruption Prevention (ISSAI 5700), September 2016.

[10] Assessing the Risk of IT Related Fraud, info IT P/26.

[11] The genesis of theory of separation of powers is traced to writing of Montesquieu in his book *The Spirit of the Laws*.

[12] Such as United Nations Convention, Inter-American Convention, the ICAC, of the Organization of American States, OAS, Civil and Criminal Law Conventions on Corruption by the Council of Europe, Convention on International Anti bribery of OECD, African Union Convention on Preventing and Combating Corruption.

[13] Assessing the Risk of IT Related Fraud, info IT,P/27.

[14] INTOSAI Guidelines for the Audit of Corruption Prevention (ISSAI 5700), September 2016, p/ 14.

discretion, strengthening monitoring, increasing punishment, decentralization, effective media & civil society, greater information flow, separating policy makers from providers.[15] Exchange of knowledge and experiences between SAIs to combat corruption have been emphasized as means to tackle issues of fraud and corruption[16].

INTOSAI Guideline for Audit of Corruption Prevention discusses seven components[17] viz; (1) Anti-Corruption Organizational Culture (2) Objectives/Strategy (3) Organizational responsibility (4) Risk management (5) Anti-Corruption Program/ Modules such as framework, code of ethics, internal control, e-governance tools, whistle blowing mechanism, internal audit, etc. (6) Communication – Reporting (7) Monitoring and modification.

Notwithstanding significant developments in terms of approach and methodology for combating fraud and corruption by SAIs, the mandate and exact nature of audit assignments of SAIs vary greatly as per their constitutional, legal or institutional frameworks.

Auditing Frameworks

The Department for International Development (DFID) has broadly identified three auditing models: *Westminster* model, the *judicial* or *Napoleonic* model and the *board* or *collegiate* model[18]. Under *Westminster* or *Anglo-Saxon* or *Parliamentary* model, there is an Auditor General having rights and responsibilities along with safeguards to ensure independence. The ability of the SAI to challenge corruption depends on the powers and authority of the position and its independence from other national institutions[19]. Under *judicial* or *Napoleonic* model, SAI known as Court of Accounts is an integral part of the judicial system and normally there is also a complementary high level system of parliamentary accountability for public expenditure. The vulnerability of such a system to political influence is rather low due to indefinite tenure but there are challenges in terms of transparency, lack of parliamentary involvement and implementation of recommendations[20].Under the *collegiate* system, the SAI has a number of members appointed by the parliament who form its college or governing board and take decisions jointly. Its limitations are slow decision making process and system of appointment by parliament affecting independence and impartiality[21].

Country-wise position on the role of some SAIs in combating fraud and corruption are briefly highlighted in below:

---

[15] Cited in Evolution of The World Bank's thinking on Governance (2018): Background Paper for World Development Report (2017): K. Sarwar Lateef, P/20 (*Source: http://pubdocs.worldbank.org/en/433301485539630301/WDR17-BP-Evolution-of-WB-Thinking-on-Governance.pdf*).

[16] Lima declaration against corruption was adopted during the 8th International Conference against Corruption held in Lima, Peru from 7 - 11 September 1997 which identifies a number of actions to be taken at International and Regional as well as National and Local levels.

[17] INTOSAI Guidelines for the Audit of Corruption Prevention (ISSAI 5700), September 2016, P/3-4.

[18] Characteristics of Different External Audit Systems, DFID, 2004.

[19] The-role-of-supreme-audit-institutions-in-fighting-corruption P/5, Transparency International, August 15, 2018 (*Source: https://www.u4.no/publications*)

[20] Ibid, P/6.

[21] Ibid, P/6.

S. No	SAI	Model/ Type	SAI activities and practices dealing with Fraud and Corruption
1.	Australia	Westminster	The focus of the Australian National Audit Office (ANAO) activity is on assurance and prevention. SAIs role is recommendatory rather than inquisitorial or judicial in nature[22].
2	Brazil	Judicial	The *Tribunal de Contas da União* (Federal Court of Accounts or TCU) is an arm of the Legislative Branch of government which employs a highly qualified body of civil servants to prevent, investigate and sanction corruption and malpractice of public funds with national jurisdiction[23].
3	Colombia	Judicial	The Office of the Comptroller General of the Republic of Colombia is an independent government institution that acts as the highest form of fiscal control in the country[24].
4	Netherlands	Collegiate	The basic approach of the Netherlands Court of Audit towards fighting fraud and corruption is through promotion of integrity of the public sector as a whole and also developed IntoSAINT, a self-assessment tool to analyze their integrity risks and assess the maturity level of their integrity management systems[25].
5	Sweden	Westminster	There is no explicit mandate for combating fraud and corruption[26], but Swedish National Audit Office SNAO has developed three pronged approach: assessment of indications on fraud identified in audits by Special group within SNAO, involving legal unit of SNAO when rules of secrecy applies i.e. cause to believe crime has been committed and reporting to the appropriate level of management with recommendations to send the information to the appointed prosecutor when indication on fraud is confirmed[27].
6	Turkey	Judicial	Turkish Court of Accounts (TCA)is entrusted

[22] The 10th ASOSAI Research Project Report, Audit to Detect Fraud and Corruption Evaluation of the Fight against Corruption and Money Laundering (2015), P/172-173.
[23]https://en.wikipedia.org/wiki/Tribunal_de_Contas_da_Uni%C3%A3o.
[24]https://en.wikipedia.org/wiki/Office_of_the_Comptroller_General_of_Colombia
[25]A UN-INTOSAI Joint Project: Collection of Important Literature on Strengthening Capacities ofSupreme Audit Institutions on the Fight against Corruption (2013), P/203 and 3
[26] Paper for the 15th Biennial CIGAR Conference 2015 in Valletta, Malta 4 – 5 June 2015, P/ 14
(*Source:https://www.researchgate.net/publication/281373681_Supreme_Audit_Institutions'_role_in_fighting_corruption-A comparative_study_between_the_Norwegian_Danish_Swedish_Spanish_Italian_Ugandan_and_Zambian_SAIs*)
[27]*Source: http://www.sigmaweb.org/events/roundtable-role-supreme-audit-institutions-combatting-fraud-corruption.htm*

			with the mandate of placing final judgment and plays a major role in preventing corruption and promoting a culture of openness and accountability rather than detecting corruption[28]. TCA has Anti-corruption Strategy and Action Plan[29].
7	India	Westminster	SAI India is having a preventive role[30] by way of enforcing accountability, strong financial management, internal controls and use disclosure of deviations as deterrence in reference to fraud and corruption. There is very robust anti-corruption complaint mechanism and SAI is itself subjected to RTI Act. SAI India has a dedicated training institute [31] as Centre of Excellence in Audit of Fraud, Fraud Detection Techniques and Forensic Audit. Whistle blowing system is encouraged and Forensic audits are performed in cases where fraud is suspected/detected. Audit Quality Management Framework ensures compliance with auditing standards.
8	Indonesia	Collegiate	Audit Board of the Republic of Indonesia (BPK) can conduct investigative audit to reveal any criminal act indication and/or state loss and can also appoint its auditor/s to become an expert witness before the court regarding the state loss examination.
9	Republic of Korea	Collegiate	Board of Audit and Inspection (BAI) has inspection functions and plays more direct role of anticorruption and has a strategic plan accordingly[32]. It introduced a number of schemes such as citizens' audit request system that allows citizens to request special audits of public institutions suspected of corruption[33].

---

[28] The 10th ASOSAI Research Project Report, Audit to Detect Fraud and Corruption Evaluation of the Fight against Corruption and Money Laundering, 2015, P/379 and 391.
[29] Ibid, P/101.
[30] SAI India Country Paper in 10th ASOSAI Research Project- "Audit to Detect Fraud and Corruption : Evaluation of the Fight against Corruption and Money Laundering", 2015, P/ 212.
[31] Regional Training Institute at Nagpur in Maharashtra State.
[32] Audit to Detect Fraud and Corruption : Evaluation of the Fight against Corruption and Money Laundering, 10th ASOSAI Research Project2015, P/282.
[33] Ibid, P/13.

Conclusion

Fraud and corruption have become a pernicious challenge affecting modern day governance and development. Increasing publicity and awareness about instances of fraud and corruption have brought the issue of accountability and control to the forefront of public discourse. It also casts challenges to the notions of independence and professionalism of public auditors who are called upon to perform their role in a more impartial and objective manner. Notwithstanding diversity of frameworks, global commitments such as SDGs and increasing collaboration through International Organization of Supreme Audit Institutions (INTOSAI) and similar regional organizations is likely to further reinvigorate SAIs efforts for combating fraud and corruption. A more collaborative and integrated approach by forging partnerships across other parts of government as well as civil society and maintaining its own independence and impartiality is vital for SAIs to holistically address the issue of fraud and corruption.

Detection and Prevention of Fraud by SAIs – SAI India

Sanjay Gaikwad,
SAI India

Introduction

Fraud, whether it occurs in any form is reaching alarming proportions and is not without its costs. Businesses and government agencies worldwide suffer huge losses in lost or misused funds. The primary responsibility for detection and prevention of fraud and error rests both with those charged with governance and the management. It is the responsibility of the management to create and maintain a culture of honesty and ethics and establish appropriate controls to detect and prevent fraud and error within the entity[34].

On the basis of interview of about 200 convicted embezzlers, Donald Cressey, American criminologist, formed the following hypothesis:[35] Trusted Persons become trust violators when they conceive of themselves as having a financial problem which is non-shareable, are aware this problem can be secretly resolved by violation of the position of financial trust, and are able to apply to their own conduct in that situation verbalizations which enable them to adjust their conceptions of themselves as trusted persons with their conceptions of themselves as users entrusted funds or property.

Donald Cressey created the concept of the fraud triangle according to which

fraud can be the function of three factors- Motive, Opportunity, and Rationalization.

Motive: A motive is a kind of personal pressure for doing something not acceptable by the society. The person thinks, is not shareable with his/her friends and confidants. Psychotic motivation is relatively rare; but it is characterized by the "habitual criminal," who steals simply for the sake of stealing. Egocentric motivations drive people to steal to achieve more personal prestige. Ideological motivations are held by people who think their cause is morally superior, and they are justified in making someone else a victim. However, economic motives are far more common in business frauds than the other three.

Opportunity: An opportunity is an open door for relieving the pressure in secret by violating trust. The violation may be a circumvention of internal control policies and procedures, or it may be simply taking advantage of an absence or lapse of control in an organization.

Rationalizations: Rationalization is the justification an individual uses to commit fraud. The vast majority of individuals committing frauds are first time offenders, and don't view themselves as criminals, but rather ordinary, honest people who are just

---

[34]INTERNATIONAL STANDARD ON AUDITING _ 240
[35]Donald R. Cressey, Other People's Money (Montclair: Patterson Smith, 1973)

the victims of unfortunate circumstances.

Objectives

Audit is expected to play major role in prevention and detection of frauds through effective communication of audit findings along with the recommendations and providing reasonable assurance on integrity of financial statements. Selecting high risk areas for audit and steps to be taken for risk mitigation is first step SAI can take to utilise scarce audit resources more effectively against frauds. Risk based audit approach will help the auditors in discharge of their duties effectively.

The red flags which are pointers of fraud and the fraud detection techniques are discussed in the following paragraphs.

Determining risk and mitigation

Detection of frauds has direct impact on prevention of the fraud as the potential fraudsters fear the possibility of their fraud being uncovered.SAI, with its available resources, can detect fraudulent practices by focusing on high risk areas. The steps to be taken by SAI in this regard can be summarized as below:[36]

1. Build a profile of auditable institutions as per risk of fraud

Take a top-down approach to risk assessment, listing the areas in which fraud is likely to occur and the auditable institutes working in that area. The identification of the types of fraud that are possible in those areas

will help in determining the risk to the institutes. Then qualify the risk based on the overall exposure to such risk to the auditable institutes. Develop fraud risk profiles as part of an overall risk assessment.

2. Test transactional data for possible indicators of fraud.

While extensive audit of institutions in high risk of fraud will take place at later stage, it is always better to undertake sampling of transactions/ vouchers of such institutions in, say central audit, to detect problems at early stage. It is important to remember that fraudulent transactions, by nature, do not occur randomly. Transactions may fall within boundaries of certain standard testing and not be flagged. Further, using the sampling approach, we may not be able to fully quantify the impact of control failures and may not be able to estimate within certain populations. However, it is useful pointer to initiate full audit of such institute to confirm or dispel doubts about sanctity of the transactions.

3. Improve controls by implementing continuous auditing and monitoring.

Once institute at the risk of fraud is identified it is followed by the repetitive or continuous analysis for detection of fraud. It means to undertake study of activities of the institute to identify those anomalies as they occur over a period. Patience and co-operation from the management are pre-requisites for this kind of exercise as it may take lot of time and in some cases the anomalous transactions might have proper justification or may be

---

[36] PETER MILLAR at
www.corporatecomplianceinsights.com

isolated instances of human error. It also involves audit cost as audit resources are utilized at one task/ institute only. However, this method can improve the overall efficiency, consistency and quality of fraud detection processes.

4. Communicate the results of auditing activity

A big part of fraud detection is communicating the results to fellow auditors so that they may assign appropriate risk to that area of audit. There is greater possibility of fraud in the similar transactions of other office of the same department. If there is sufficient potential, a study can be undertaken to estimate the extent of fraud, which will form a part of audit report on that activity.

5. Communicate audit results to the management

The communication of results of audit to the management helps in prevention of further damage. So it is important to make management aware of the possibility of fraud as soon as possible. While reporting on the frauds the audit can help management by providing recommendations on how to tighten controls or change processes to reduce the likelihood of recurrence of fraud.

6. Actionable recommendations to guide the management

The audit recommendations will be easily accepted by the management if they logically follow from the audit conclusions, they are specific, free from ambiguity and are actionable. This will also enable appropriate authorities to monitor the action taken by the management on recommendations of the audit.

7. Fraud profile

SAI requires updating fraud profile periodically. The updating of fraud profile after major audits or major observations is also important. No scheme or method of fraud can be overlooked in audit profiling as rare or unique schemes of fraud tend to become common after some time. Investigating relatively new frauds to understand modus operandi, environment in which it took place, damage it has caused to the institute and identity of probable perpetrators will help while determining the risk of other institutions of such fraud.

Auditing Fraud

Auditing fraud involves familiarity with many elements [37] : the human element, organizational behavior, knowledge of common fraud schemes, evidence and its sources, standards of proof, and sensitivity to red flags. Fraud auditor requires to have a mind-set of sensitivity to the unusual. For this purpose he can focus on errors and omissions, exceptions, oddities, and patterns of conduct. A good fraud auditor considers the ways in which the controls could be subverted for fraudulent purposes by using theory of behavioral motive, opportunity, and rationalizing. The fraud auditors think of a cumulative materiality and not mere isolated impact for a particular financial year.

---

[37] Auditing for Fraud Detection
https://www.mypescpe.com/!PDFdocs/5700BTEXT.PDF

Prevention of fraud

In every organization, employees will experience financial and other pressures from time to time. The pressures cannot be eliminated, but the facilities for sharing them can be created. The most effective long-run prevention, however, lies in the practice of management by caring for people. Managers and supervisors at all levels can exhibit a genuine concern for the personal and professional needs of their subordinates and fellow managers, and subordinates can show the same concern for each other and their managers.

Audit Focus

As per 'Occupational Fraud: The Audit as Deterrent' by Mr. Joseph T. Wells published in the Journal of accountancy the majority of frauds are committed by the employees. The frauds committed by managers or executives are three-and-a-half times more costly than frauds committed by other employees. It is because of the fact that the higher employees rise in an organization, the more they are entrusted with organization assets. Males account for more losses than those for females. This trend is probably due to the "glass ceiling" phenomenon, where males generally occupy higher positions in organizations than their female contemporaries. Approximately one third of reported frauds involved two or more individuals and in such cases the median loss was six times greater than the median loss when only one person committed the fraud indicating the need for better control mechanisms that involve the separation of duties. The oldest perpetrators caused median losses 27 times greater than those of the youngest fraudsters as the older employees generally occupy more senior positions with greater access to assets. Though the study is dated and mainly concerns itself with the corporate fraud, the conclusion drawn that the fraud committed at higher level is more costly than at lower level is still valid. So, theoretically it will be appropriate to have inverted pyramidal control structure to mitigate high volume fraud risks. While control structures in all the organizations are almost invariably pyramidal. Hence, while conducting audit of fraud, audit can provide appropriate attention to all levels of functionaries of the organization.

SAI may obtain an understanding of the "control environment," of the organization being audited. Control environment relates to the overall scheme of management activity in the organization. Managements that consider and address the issue of the employee pressures in the workplace have a good control environment. The risk of fraud in such organization will be relatively low as compared to the organization where the employees with workplace pressure are left to fend for themselves.

Controls are needed to help people know the jobs they are supposed to accomplish. It also describes the accountability sphere of each employee, the system for supervision of activities

and most importantly, controls provide the opportunity to management to uncover undesirable activities. Conversely, it acts as instrument for perpetrators to get caught. Even the perception of the possibility of being caught can prevent employee theft and embezzlement. Fraudsters should be fired and, in most cases, prosecuted. They have a low rate of repeat offenses if they are prosecuted, but they have a high rate if not.

In case of compliance with applicable rules and regulations and other provisions it is important for management to lead by example. This will motivate the other employees to comply with it themselves. When the Head of the department and head of the office make themselves visible examples of compliance with the code, other people will then believe it is real. Subordinates tend to follow the boss's lead.

Red flags

The main concern of SAI is after the fraud has been committed. The scrutiny of SAI is for a limited period of time and so the employee red flags are not very relevant to SAI. However, the employee red flags are good indicators for the managers/ high officers who are watching the employees for extended period of time. The employee red flags include the following:[38]

• May indulge in intoxicants too much.
• May started taking drugs.
• Become irritable easily.

• Won't be able to relax.
• Gets abnormally argumentative or becomes defensive.
• Can't look people in the eye.
• May start perspiring excessively.
• Go to confessions (e.g. priest, psychiatrist).
•Find excuses and scapegoats for mistakes.
• Works standing up.
• Works alone, works late.

During audit the SAI may encounter some oddities which might be hints of the cover-up. These generally appear in the accounting records. The key is to notice exceptions and oddities, such as transactions that are: at odd times of the day, month, season; too many or too few; in the wrong branch location; in amounts too high, too low, too consistent, too different. Exceptions and oddities like these can appear[39]:

• Unusual number of missing documents.
• High value of missing documents.
• Cash shortages and overages.
• Excessive voids and credit memos.
• User/ applicants complaints.
• Common names or addresses for wage payments/ refunds.
• Adjustments to receivables and payables.
• General ledger does not balance.
• Increased past due receivables.
• Inventory shortages.
• Increased scrap.
• Alterations on documents.

---

[38] Auditing for Fraud Detection
https://www.mypescpe.com/!PDFdocs/5700BTEXT.PDF

[39] Auditing for Fraud Detection
https://www.mypescpe.com/!PDFdocs/5700BTEXT.PDF

- Duplicate payments.
- Missing (Ghost) Employees.
- Second endorsements on checks.
- Payment on photocopied/ missing documents.
- Dormant accounts suddenly become active.

Three elements of fraud

Frauds consist of the fraud act itself, the conversion of assets to the fraudster's use, and the cover-up. Catching people in the fraud act is difficult and unusual. The act of conversion is equally difficult to observe, since it typically takes place in secrecy. Many frauds are investigated by noticing signs and signals of fraud, then following the trail of missing, mutilated, or false documents that are part of the accounting records cover-up.

The actual act of theft/ fraud: Theft involves taking cash, information or other assets manually, by computer, or by telephone. Fraud can be detected by witnessing someone taking the assets, but nobody is usually around when the theft/misappropriation occurs. It is the co-workers, managers, and other employees who are present that are usually in the best position to detect fraud when it occurs.

Concealment subsequent to the theft/fraud: Concealment involves the steps taken by the perpetrator to hide the fraud from others. This includes altering financial records, miscounting assets, destroying evidence etc. Fraud can be detected at this stage by recognizing altered records or the miscounting of cash or stock in their

audit samples. It is, however, other employees who are still in a better position to detect fraud at this stage.

Conversion of defrauded assets into other forms: Conversion involves selling or converting stolen assets into cash and then spending the cash. If the asset taken is cash, conversion simply involves spending the stolen funds. Fraud can be detected by focusing on lifestyle changes. Perpetrators almost inevitably make when they convert their embezzled funds. Unfortunately, there is no way that auditors can recognize lifestyle changes-they have no "start point" upon which to found suspicions. Other employees are often the best way of identifying such symptoms.

In all three elements of fraud the co-workers are in a better position to notice indication of fraud. However, there are pro-active methods that can be employed by the auditors to detect frauds. These are inductive methods and deductive methods.

Methods of fraud detection

Inductive Methods[40]: Basically includes Data Mining and Digital Analysis. Data mining is a systematic and sequential process of identifying and discovering hidden patterns and information in a large dataset. Data mining takes help of Data-Mining Software to look for anomalies. Most common uses of inductive methods include uncovering abnormal patterns; risk management; pattern classification; trend analysis;

---

[40] Ethics for accountants by William at learning.hccs.edu

predicting future behavior and discovering relationships. The advantages of these data mining software are that they save manual efforts, easy to use and are inexpensive. The following data mining software are very popular[41].

   a. Audit Command Language is a PC client-based data extraction and analysis software tool used for fraud detection & prevention, and risk management. By sampling large data sets, ACL is used to find irregularities or patterns in transactions that could indicate control weaknesses or fraud.

   b. IDEA software is a comprehensive data analysis tool that quickly analyses all the data with data integrity. It is widely used in auditing.

   c. Microsoft Excel/ Access are the traditional data analysis tools. These are used due to ready availability and familiarity of the staff with it.

However, the data mining methods suffer from difficulty in working with very large and complex databases. Further, as they provide broad symptoms and not specific frauds it may result in false fraud signals. So the user must be skilled enough to isolate false fraud signals from genuine one.

Data Analysis is a superset of Data Mining that involves extracting, cleaning, transforming, modeling and visualization of data with an intention to uncover meaningful and useful information that can help in deriving conclusion and take decisions. The advantage of Data Analysis is that it can be done on structured, semi-structured and unstructured data. Data Analysis gives insights or tests hypothesis or model from a dataset.

Deductive methods[42]: In these methods the auditor starts with general or common fraud types and determines whether the indicators exist for its occurrence. The auditor develops a hypothesis of a fraud that might exist and formulates the characteristics of what the data might look like if that fraud actually happened. So, deductive method of fraud detection involves starting with general fraud types and moving forward to determine whether indicators or red flags of those frauds exist in current data. Using data analysis techniques the auditor can target different types of frauds, analyze entire populations, and zero in on fraud. The advantage of this method is that it identifies specific frauds, not just symptoms. However, this method requires extensive knowledge of entity, its business as well as frauds that can happen in such environment. This method is very expensive and so used only in specific cases.

Conclusion:

The fraud detection and prevention involves multi-pronged strategy. Understanding the entity environment, motivation for fraud, system failures

---

[41] Wikipedia

[42]Inductive and deductive approaches to research by Deborah Gabriel

and approach of management towards the cases of fraud helps in determining the audit strategy in fraud investigation. To make the complex task of fraud detection easier, audit can take help of various data analytics tools and employ suitable techniques to confirm or dispel suspicion of fraud.

"The Judicial System of the Supreme Audit Court of I. R. Iran and Measures Taken to Fight against Fraud and Financial Corruption"- Supreme Audit Court of Islamic Republic of Iran

Mr. Fayyaz Shojaey
Prosecutor General
Supreme Audit Court of I. R. Iran

Introduction

According to the Constitution of the Islamic Republic of Iran, SAI Iran is considered as a supreme court in the field of public finance that possesses a regulatory status and, thus, it is empowered with adequate independence and authority to monitor and examine the financial performance of the executive organizations in the field of public finance.

Accordingly, SAI Iran is entitled to prosecute and punish all violators in this area across all levels of management, including ministers, president and other officials in legislative, executive and the judiciary powers. Regarding this, everyone is accountable for using national budget (which is derived from tax and fees collected from the citizens or from the sale of public capital assets, such as oil and gas) in the line with good governance, namely, the promotion of the general level of welfare, health, education, employment and the creation of suitable jobs for job seekers, poverty reduction and reduction of social class distance as well as comprehensive, sustainable and balanced development.

Accordingly, two main pillars of SAI Iran, namely, President as the highest authority in the technical and audit division and the Prosecutor General as the highest authority in the judicial and investigatory division, are the product of a democratic process that leads to election of forenamed authorities by the majority votes of the representatives of the nation in the Islamic Consultative Assembly (Parliament).

The President and Prosecutor General of SAI Iran shall be elected for a 4-year the proposal of the Plan, Budget and Audit Committee of the Islamic Consultative Assembly and approval of MPs after the opening of each legislative period and their re-election for subsequent periods is allowed. The Prosecutor General presides over the Office of Prosecutor General and acts as the protector of economic rights of the nation and public finance discipline. Furthermore, he/she is the only authority who monitors the investigating, prosecuting, and issuing lawsuits against violators involved in the formation of financial and budgetary irregularities and imposition of losses to the economic rights of the nation, no matter what position those officials possess.

Furthermore, Prosecutor General is the sole authority who supervises over the execution of final verdicts issued by prosecutors and court branches. The judicial division of SAI Iran is composed of the Office of Prosecutor General, Judiciary Boards and Court of Appeal.

The Office of Prosecutor General is composed of one Prosecutor General, two deputies and twelve court branches, all of whom are appointed by the Prosecutor General. The most important duties and tasks of Office of Prosecutor General are as follows:

1. Acting to safeguard the economic rights of the nation and establish a financial and public finance discipline

2. Handling and regulating the petitions and drafting them in the Judiciary Boards or before judicial authorities at all levels of management in the country

3. The presence of Assistant Prosecutor or Prosecutor General's representative in the meetings of the Judiciary Boards in order to defend the petitions and declare the Prosecutor General's final opinion in this regard

4. Announcement and execution of verdicts issued by Judiciary Boards and the Court of Appeal to executive organizations

5. Following up continuously the implementation of passed verdicts until getting the final result and notifying the cases of non-implementation of concerned verdicts to the Islamic Consultative Assembly

6. Requesting the revision of cases or reinstatement of proceedings against verdicts issued by the Judiciary Boards

7. Membership in the General Board of SAI Iran for approval and verification of the annual audit report

8. Chairmanship of the Legal and Technical Council of SAI Iran focusing on providing advisory opinions to executive bodies.

Judiciary Boards are independent courts that deal with financial irregularities. It is stipulated that SAI Iran can have a maximum of 7 Judiciary Boards. Currently, SAI Iran has four Judiciary Boards and each Board consists of three Members, one of which will be the Chairman of the Board. The President of SAI Iran selects the Members of Judiciary Boards out of trustworthy individuals specializing in legal and financial matters and introduces them to the Plan, Budget and Audit Committee of the Islamic Consultative Assembly. Having being approved by the latter Committee, they are appointed as Members of Judiciary Boards by the President of SAI Iran.

Lawsuits issued by Prosecutor General against financial violations and losses made to the economic and financial rights of the nation are referred to

Judiciary Boards to be investigated and decided thereof.

Given this fact that Judiciary Boards are considered as primary courts, the Court of Appeal has been created within the judicial system of SAI Iran. This court is composed of 3 members and is chaired by a Shariah Judge (who is the representative of Chief of the Judiciary) and assisted by two Members of Judiciary Board (who are selected and appointed by the President of SAI Iran). The verdicts of this court are definite and irrevocable. The concerned court will be convened in Headquarters of SAI Iran in Tehran.

Measures taken by SAI Iran in the field of fight against fraud and corruption:

SAI Iran joined the Working Group on Fight against Corruption and Money Laundering (WGFACML) in March 2012, with the aim of using the experience of the leading countries in fighting against corruption and money laundering. Since then, SAI Iran has been active throughout annual meetings of same working group. Following this membership and due to the importance of the notion of fighting against corruption, the Internal Committee for Fighting against Corruption, Fraud and Money Laundering at SAI Iran was set up in 2013.The Committee is active in implementing the approvals of the INTOSAI as well as following up other related activities. The most important actions of SAI Iran in fighting against corruption are as follows:

1. Adopting preventive and guiding policies to control corruption in governmental agencies and public institutions, including providing training courses and advisory services for authorities of executive agencies

2. Shifting from traditional auditing process to modern audits focused on information technology

3. Conducting regular audits and submitting audit reports to the Islamic Consultative Assembly on a three-month basis. It is noted that the latter reports can be released if deemed necessary.

4. Assessing the internal control measures of auditees and establishing and/or improving the self-control measures in the financial domains

5. Exerting resolute and timely reaction against violators and reducing the proceedings period with the approach of making them aware in this regard

6. Establishing desirable interaction with anti-corruption monitoring bodies in order to prevent parallel work and reduce monitoring costs

7. Localizing the experience of other countries in fighting against corruption

8. Focusing on the notion of taxation and dealing with possible corruption in this area

9. Focusing on tax issues and customs duties and dealing with corruption in this sector

10. Evaluating vulnerabilities and corruption bottlenecks in the set of executive agencies in order to develop financial corruption control checklists.

Having more than 110 years of experience in the field of public auditing and judicial system of public auditing, SAI Iran is ready to make its experiences available to the members of the Forum and, reciprocally, SAI Iran is willing to make use of experiences of other countries to improve its judicial procedures.

SAI Iran proposes the following recommendations with the aim of improving the jurisdictional activities of SAIs:

- Holding annual meetings of the INTOSAI Forum of Jurisdictional Supreme Audit Institutions similar to other INTOSAI Working Groups and Committees in order to exchange opinions and standardize procedures in the field of judicial auditing

- Holding relevant training courses for judges, prosecutors and members of judiciary boards similar to the courses provided for auditors

- Development and promotion of the judicial system of public auditing among the members of INTOSAI as a successful and effective system in the field of public auditing

- Drafting and approval of standards and guidelines related to judicial proceedings in order to be used by member SAIs

- Strengthening bilateral cooperation with the aim of sharing knowledge, information and experiences in the area of judicial proceedings.

Auditors behind fraudsters: Is it truly auditors responsibility to detect fraud and corruption? – SAB Kuwait

Ms. Fatimah Nabil

Auditor, State Audit Bureau of Kuwait

Abstract

The Association of Certified Fraud Examiners (ACFE) estimates that worldwide organizations lose 5 percent of their annual revenues to fraud. This figure translates to a potential total fraud loss of more than $3.5 trillion annually. Fraudsters may target the country's most or least profitable sector, by experience they know how to conceal fraud and keep the snowball growing larger without any show of red flags. The role of all Supreme Audit Institutions (SAIs) is to be able to detect fraud at its earliest stages or even better prevent fraud from occurring by ensuring that the internal controls are strong enough to protect the organization and mitigate fraud risk. The current debate worldwide is whether it is the auditors' responsibility to detect and prevent fraud and corruption. The *purpose* of this article is to highlight the importance of understanding responsibilities, the role of Supreme Audit Institutions (SAIs) in supporting auditors, assessing and reporting risk and finally the role of Supreme Audit institutions in detecting and preventing fraud and corruption. In addition, the article highlights the importance of forensic audits and investigations in revealing and mitigating frauds/embezzlements. Further, the article provides the approaches implemented in a chosen SAI to detect fraud and corruption.

Keywords: fraud, Supreme Audit Institutions, Internal controls, detection, prevention, corruption

1 Fraud

According to the *Standards for Internal Control in the Federal Government* issued by the Government Accountability Office (GAO) "Fraud involves obtaining something of value through willful misrepresentation. Whether an act is in fact fraud is a determination to be made through the judicial or other adjudicative system and is beyond management's professional responsibility for assessing risk." People usually commit fraud due to the presence of three factors known as the fraud triangle *pressure, opportunity and rationalization.*

2 Blame the Auditors!

Blame the auditors! That's what media, management and organizations do after reporting major losses due to fraud and corruption. The stakeholders point fingers at auditors when they find out that something major had happened and they think that it is the auditors responsibility to detect, prevent and report fraud. Fraud was not a big concern 50 years ago and it was easy to reveal fraudsters. Due to technology, knowledge and skills fraudsters are able to conceal fraud and use of techniques

that have never been used before to conceal financial scandals.

2.1.1 Overview of responsibilities

Auditors are responsible for detecting fraud and corruption. However, due to the nature of audit evidence obtained when fraud is inspected and fraud characteristics it is really hard to be 100% responsible for detecting fraud.According to professional standards auditors can obtain reasonable assurance in detection of material misstatements due to fraud or error. Forensic audits on the other hand usually sample 100% of the population which makes auditors able to detect a higher level of fraud in addition to identifying broken controls and use investigative tools such as data mining to reach proper results and high standard reporting. However, in most cases auditors cannot obtain absolute assurance in detection of material misstatement. Primary responsibility upon fraud detection rests on the management and governance of the entity.

2.1.1 Auditor's responsibilities in detecting fraud and corruption. International Standard on Auditing(ISA) 240"The Auditors responsibilities

relating to fraud in an audit of financial statements"

focuses on the responsibilities related to fraud in a financial statement audit. Supreme Audit Institutions have a major role in handling this responsibility and complying to international standards related to fraud and assessing risks.The rise of redflags in an organization and increased risks means that *Supreme Audit Institutions auditors* are now responsible for the following 1) intentional and unintentional acts. Intentional misstatements fall into two categories fraudulent financial reporting and misapropriation of assets 2) primary responsibility rests on management and governance of the entity and not the auditor 3) Auditors must obtain reasonable assurance that the financial statements are free of material misstatements due to fraud or error. 4) Auditors must be skillful and knowledgeable to try as much as possible to reduce inherent limitations, auditors cannot avoid those limitations but with the power of knowledge they can mitigate those limitations. 5) Maintaining professional skepticism throughout the audit. 6) Obtain sufficient appropriate evidence 7) Respond appropriately to fraud or suspected fraud.

2.1.2 Role of Supreme Audit Institutions in supporting the auditor. Supreme Audit Institutions should create a working environment that

provides support to auditors. Nowadays media, management and stakeholdersput massive pressure on auditors. To make sure that auditors are complying to their responsibilities and objectives institutions must create a culture of trust, honesty and responsibility between auditors and higher management in those institutions. In addition, paying attention on training and enhancing auditors skills to make sure that they are always aware of recent financial scandals and fraudulent techniques used to deceive financial statements users. Establishing a culture that enhances auditors confidence will yield in high quality and skillful reporting. Support is basically added value to any Supreme Audit Institutions.

3   Is it creative accounting or a financial scandal?

Creative accounting or a financial scandal? One of the major questions that pops up on an auditor's mind while auditing the financial statements and documentations.Auditors may have concerns related to estimates, however, fraud preparators are very skillful to the extent that they can conceal fraud without showing any redflags in estimates. Auditors must be skillful enough to differentiate between creative accounting, estimates and misstatements due to fraud or error. Many fraud scandals start with creative accounting techniques and many creative accounting techniques end up as fraud scandals. Scandals or financial shenanigans are classified into three categories a) earning manipulation b) cashflow shenanigans c)key metrics shenanigans those shenanigans involve multiple techniques like recording bogus revenues, boosting income, shifting current expenses and others related to other financial statements. Auditors must keep an eye closely on those numbers and make sure that they know how to differentiate between judgment areas such as accounting estimates and creative accounting and financial scandals.Auditors must keep an eye on issues such as 1) absence of checkbalances 2) single family dominating management 3) presence of related party transactions. Scandals are not limited to a certain financial nor a specific technique it is the auditors responsibility to be aware of techniques used and learn continuously to enhance their skills and knowledge.

4   Risk assessment and responding to fraud risk

To be able to detect and prevent fraud auditors must be able to do a proper risk assessment, this is considered a vital step in the

process of fraud detection and prevention.Auditors must also be able to respond to risks immediately if they are high and report them directly to management level. Keeping management level aware of what is going on is part of the process and provides the auditor with support that he is looking for during this hard time. Basically the process involves three steps : 1) gathering information and evidence 2) assessing the risk 3) responding to risk and reporting it.

4.1.1 Identifying and responding to risk. Auditors must identify and assess all risks related to fraud , knowledge sharing here is extremely important since a lot of judgment is required in assessing risks. Supreme Audit Institutions that have more experience in this field may share their knowledge with other institutions , they may also share techniques and reporting used to identify and respond to the risk. After identifying the risks auditors   must identify related controls associated with identified risks. Responding to identified risks and redflags involves designing and performing further audit procedures and investigations.

4.1.2 Managements Attention! Auditors are responsible to bring managements attention to the matter that they have detected during their audits specifically when fraud is suspected, it is also highly associated with risk assessment.

Auditors go through fraud risk assessment process to be able to detect fraud starting by gathering information from multiple sources, identifying and assessing risk and then responding to risk. Fraud risk assessment process is a complex process it needs skillful auditors that are experienced in this field. Risk factors and presence of fraud must be reported to management level directly.

4.1.3 External auditors in Supreme Audit Institutions. The majority of auditors in Supreme Audit Institutions are external auditors which have many responsibilities towards the company's financials, they are responsible of making sure that all of the audited documents are free of material misstatements. Many say that it is the external auditors role to detect fraud, studies show that the majority of fraud is not detected by external auditors!

4.1.4 Internal controls. Supreme Audit Institutions work in different ways. Many countries have different reports issued with different forms on internal control but they surely all include something about internal controls and share findings related to weak internal controls.

5 Role of Supreme Audit Institutions in detecting and preventing fraud and corruption

Supreme audit institutions have a major social responsibilty towards the community although each institution has its own mission, vision and strategic goals but they all have one main target which is safeguarding public funds and preventing any misuse. Supreme Audit
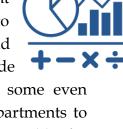
Institutions must work together and transfer knowledge to be able to improve auditing not locally but worldwide. Responsibility towards the community , management and other institiutions increased nowadays with the rise of scandals. It is extremely important to exchange the findings and results of audits among other supreme audit institutions. Exchanging findings and results will help the auditor explore new means and methods of performing fraudulent acts and techniques used to detect and prevent fraud and corruption, risk assessment, high risk lists , factors that lead to fraud and finally how to mitigate fraud risk. The INTOSAI has committees , working groups and task forces that work to achieve strategic goals like capacity development, professional standards and knowledge sharing. Supreme Audit Institutions have a major role in detecting and preventing fraud some of the major roles are 1) risk assessment 2) having a fraud department or team 3) sharing knowledge with other supreme audit institutions

5.1.1 *Strengthening Supreme Audit Institutions.* Supreme Audit Institutions are responsible for making sure that they work on strengthening their institution regularly since this will have a direct and immediate effect on auditors and hence will help enhance the quality of reporting. Enhanced skills, strengthening capacity, creating proper developing schemes and reorganizing operations all help strengthen a supreme audit institution.SAIs must have systematic assessments to their current level and work on strengthing their weaknesses through the development of a strategy that will strengthing the insitution and implementing it. Developing SAIs on three levels : Institutional, organizational and professional levels helps the institution create a working environment that is skillful with professionals that are capable of detecting fraud and preventing it even before happening.

5.1.2 *Hand in Hand.* Supreme Audit institutions are independent but that doesn't mean that they work alone, infact auditors must work hand in hand with governments and executives to achieve the overall goal which is safeguarding public funds. SAI of Kuwait has a motto " Partners and auditors" which shows the role of the State Audit Bureau of Kuwait in building strong professional relationships with bodies that are subject to its oversight the reason behind this is creating a professional bond so that fraudsters know auditors don't work alone infact they know about everything auditors, governments and executives all work towards a single goal which is protecting public funds. Knowing the fact that they all

work hand in hand makes fraudsters think twice before committing fraud. SAIs are required to maintain this professional relationship and are responsible to share awareness with audited bodies on what is expected from them and what is the SAIs role, communication and feedback is necessary for a successful professional relationship.

6 Supreme Audit Institutions that have experience with fraud

Supreme Audit Institutions have different experiences when it comes to fraud, some issue fraud finding reports, some include it in the main report and some even have special teams and departments to report fraud that are responsible for carrying their own investigations. In this section we are going to take the *Government Accountability Office (GAO)* as an example showing their technique in fraud detection and prevention.

6.1.1 *Forensic Audits and Investigative Service team (FAIS).*The Government Accountability Office (GAO) has 14 mission teams and each team falls under one of the 3 main strategic goals. FAIS falls under the second strategic goal which is related to security threats and challenges.The team is responsible to provide the congress with high-quality forensic audits and investigations of fraud, waste and abuse.Investigation is performed using forensic audit techniques such as data mining and investigations.

6.1.2 *FAIS team process.* The process used during the audits involves two processes one is the standard audit process and the second one is related to investigations which uses a different approach it includes conducting forensic audits, special investigations and security and vulnerability assessments. In some complex cases a combination is used and its called a *blended approach.*

6.1.3 *Fraud risk framework.* The GAO published a fraud risk framework in 2015, the frame work focuses on helping federal managers strategically manage fraud risks conceptualize leading practices into a risk-based framework. Effective fraud risk management helps to ensure that federal programs fulfil their intended purpose.GAO developed the framework to help ensure that federal managers would better understand what it means to assess fraud risks and how it should be done. Prior to the Framework, there was no comprehensive guidance for federal program managers on how to do a fraud risk assessment, let alone how to take a strategic, risk-based approach to managing fraud risks. In developing the Framework FAIS

went beyond how to assess fraud risks and sought to provide more comprehensiveguidance about how to manage fraud risks .

7 It's never too late!

All in All, it is easy to commit fraud especially under the presence of the fraud triangle factors incentives, pressure and rationalization. Absence of internal controls,skills,knowledge and management supervision all lead to a higher fraud risk. It is not only the auditors responsibility to detect and prevent fraud, the responsibility rests on management , audited bodies and auditors to collaborate together to be able to achieve their final goal which is protecting public funds. Responsibility of SAIs in preventing fraud to make sure that public funds are properly safeguarded requires efforts even from citizens! cooperation is the key to prevent and detect fraud before losses tremendous.

References

[1] *A Framework for Managing Fraud Risks in Federal Programs. GAO, 2015.*

[2] ACFE Report Estimates Organizations Worldwide Lose 5 Percent of Revenues to Fraud, www.acfe.com/press-release.aspx?id=4294973129.

[3] ACFE Report Estimates Organizations Worldwide Lose 5 Percent of Revenues to Fraud. https://www.acfe.com/press-release.aspx?id=4294973129.

[4] Capacity Building Committee, INTOSAI. Strengthening Supreme Audit Institutions: A Guide for Improving Performance. National Audit Office, 2018.

http://digitalcommons.unl.edu/cgi/viewcontent.cgi?article=1456&context=libphilprac

[5] International Standard on Auditing (ISA) 240, "The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements.

[6] Intosai.org. "Working Groups." © INTOSAI 2006. Accessed April 16, 2019. http://www.intosai.org/committeesworking-groupstask-forces.html.

[7] Nabil, Fatimah.*Forensic Audits and Investigative Services anti-fraud unit revealing petroleum industry fraudesters.*2018. Print.

[8] Oyinlola, Ayobami Oluwagbemiga, "THE ROLE OF AUDITORS IN FRAUD DETECTION, PREVENTION AND REPORTING IN NIGERIA" (2010).Library Philosophy and Practice (e-journal). 517.

[9] Pulley, Adam. "Are Auditors Responsible for Detecting Fraud: CliftonLarsonAllen (CLA)." *Are Auditors Responsible for Detecting Fraud: CliftonLarsonAllen (CLA)*, CLA Foundation , 19 Apr. 2016, www.claconnect.com/resources/articles/are-financial-auditors-responsible-for-detecting-internal-fraud.

[10]   Schilit, Howard M. *Financial Shenanigans.* New York, N.Y: McGraw-Hill, 2002. Print.

[11]   Standards for Internal Control in the Federal Government. GAO, 2014.PG40

[12]   *Standards for Internal Control in the Federal Government. GAO, 2014.PG40*

[13]   *U.S. Government Accountability Office (U.S. GAO), April 2019, www.gao.gov/.*

Image References

[14]   https://specopssoft.com/product/specops-password-auditor/

[15]   http://enrepinc.com/know-your-business-accounting-tasks/acg-icon/

[16]   https://www.iconfinder.com/icons/1245784/cooperation_hands_team_teamwork_icon

[17]   https://www.iconfinder.com/icons/1181856/analysis_control_document_evaluation_management_risk_icon

[18]   https://thenounproject.com/term/accounting/529664/

[19]   https://www.iconfinder.com/icons/1730231/commitment_conclusion_decision_management_resolution_settlement_icon

A NEW TOOL TO PREVENT FRAUD and CORRUPTION: ETHICS AUDIT INTRODUCTION – TURKISH COURT OF ACCOUNTS

Ms. Setenay KÖKSAL
Principal Auditor
Turkish Court of Accounts

Throughout history, many philosophers have formulated opinions on the concept of "morality", which has been one of the main problems of philosophy. Eventually, determining the moral problems related to human behaviours and developing the solutions for them have become possible through "ethics". "Ethics" is a way of thinking that analyses morality from a philosophical point of view. While ethics examines the essence of the ethical and the basis of the good-right and bad-wrong, it also tries to comprehend morality in order to distinguish the good-right action from the bad-wrong one and present what should be in human behaviours. Ethics, which is more theoretical and universal than the concept of morality, is the effort to find the ideal for the human and society.

Ethics has existed in the world of thought for centuries as a discipline of philosophy and has become the largest need of the societies that have encountered the problems introduced by globalization particularly for the last 40 years. The global problems such as financial crises, political and economic scandals, inequalities in the distribution of income, employment problems, social and cultural difficulties and environmental problems have eroded the moral values and behavioural patterns of the modern society.

Degeneration that has begun in social life has found its equivalent in the public area. The trust in public management and managers have decreased because of the politicians and bureaucrats, who are mentioned with corruption and bribery and who put their personal interest in front of public interest, and the public financial systems, which are not accountable or transparent. This unsustainable situation has caused an increase in the demand and trends for "good governance" around the world, and ultimately, a new public management mentality based on ethical values has emerged. With the works of international organizations for establishing ethical behaviour principles in public management, the states have initiated important reforms to meet the high ethical standards in public management (Yüksel 2005, 4).

In the scope of these reform works, Supreme Audit Institutions (SAIs) have put on the agenda the subjects related to ethics in order to make ethical values prevail in public management and created a new type of audit called the "Ethics Audit", which focused on ethical principles and practices.

This study focuses on definition, rationale and application of "Ethics Audit", which is a new and effective weapon for SAIs in counteracting fraud and corruption that can create

destructive economic and social results for societies.

BASIC CONCEPTS

The new public financial management system aiming to meet the public needs effectively, efficiently and economically, which has been mentioned since the end of 1970s,is based on principles such as public interest, professionalism, openness, integrity, equality, equity transparency, accountability etc., which are all ethical values.

The main expectation of the beneficiaries of public services is that the public officers adhere to the ethical values listed above while performing their duties. In this framework, public management ethics can be described as when public officers stay within the framework of objectivity and integrity while performing public works, put public interest in front of their personal interests and do not use their office for personal aims.

Ethics management is the one that adopts ethical values and principles in its decisions and actions with respect to the delivery of public services.

'Ethics management' means the planning, implementation and co-ordination of activities of an organisation for the achievement of the institutional integrity of that organisation. It is an integral part of operational management of an organisation and a responsibility of the organisation's leadership (EUROSAI TFAE 2017, 13).

The goal of ensuring that ethical values prevail in public management have led regional and international organizations such as the United Nations (UN), World Bank, European Union (EU), and Organisation for Economic Cooperation and Development (OECD)to develop various contracts, recommendations, actions plans and programs for fighting against fraud and to establish an infrastructure for adopting ethical behaviour principles in management (Koç – Güler 2010, 2).

Ethics infrastructure means forming institutional structures in public sector in order to identify ethical behaviour principles, and promoting and auditing compliance with them. In fact, this structure sets the framework of ethics management in public and identifies its requirements.

According to OECD, a well-functioning Ethics Infrastructure supports a public sector environment, which encourages high standards of behaviour. Each function and element is a separate, important building block, but the individual elements should be complementary and mutually reinforcing. The elements need to interact to achieve the necessary synergy to become a coherent and integrated infrastructure. The elements of infrastructure can be categorised according to the main functions they serve -- guidance, management and control -- noting that different elements may serve more than one function.

Guidance is provided by strong commitment from political leadership; statements of values such as codes of conduct; and professional socialisation activities such as education and training.

Management can be realised through co-ordination by a special body or an existing central management agency, and through public service conditions, management policies and practices.

Control is assured primarily through a legal framework enabling independent investigation and prosecution; effective accountability and control mechanisms; transparency, public involvement and scrutiny.

The ideal mix and degree of these functions will depend on the cultural and political-administrative milieu of each country (OECD 2005, 32).

In 2017, OECD adopted a new Recommendation on Public Integrity, which updated Ethics Infrastructure as the Public Integrity. Public integrity refers to the consistent alignment of, and adherence to, shared ethical values, principles and norms for upholding and prioritising the public interest over private interests in the public sector.

OECD Recommendation on Public Integrity provides policy makers with a vision for a public integrity strategy. It shifts the focus from ad hoc integrity policies to a context dependent, behavioural, risk-based approach with an emphasis on cultivating a culture of integrity across the whole of society. It is built on three pillars: A coherent and comprehensive integrity SYSTEM, a CULTURE of Public Integrity and effective ACCOUNTABILITY mechanisms (OECD 2017).

A well-functioning ethics infrastructure/public integrity framework will ensure that the mentality of ethics management prevails in public sector. Thus, the trust in public management will increase and the benefit received from public services will be maximized. In communities that experience the satisfaction expected from public sector in this way, the democratization and development efforts will gain momentum.

One of the main pillars of ethics management is ethics audit.

Ethics audit is the one where the main subject/area of audit is ethics management and the infrastructure for ethics management.

SAIs play an important role in increasing transparency, integrity and accountability in the functioning of public sector and the use of public resources through the conventional audits they perform. In this respect, SAIs have an important role to play in safeguarding the trust of citizens in the government and in the public sector (EUROSAI TFAE 2017, 8).

The reports of SAIs, which can be characterized as the protectors of public money, are always in the agenda of the parliaments and public. Therefore, when SAIs focus on the requirements of ethics management and include ethic-related subjects in their audit works, this will help establish ethical principles in public

sector and apply and develop ethical behaviours.

Moreover, the fraud, corruption and bribery scandals of the recent years have caused public indignation, and ensuring the prevalence of ethical principles in public sector has become the primary expectation of communities. Corruption and the fight against corruption have been at the top of the agenda of international organizations such as UN and OECD, and works related to ethics have been made the antidote of those problems. Being unable to stay indifferent to this agenda, SAIs saw that conventional audits (financial, compliance and performance audits) which do not focus on ethics-related subjects, were insufficient and started to implement ethics audits as per the requirements of the ISSAIs they follow.

If SAIs include an ethical approach in their audit work, they further improve public sector performance, by promoting that public sector organisations conduct their activities and achieve their objectives in full respect of ethical principles (EUROSAI TFAE 2017, 8).

An audit of ethics is a process used to evaluate several dimensions of the ethical conduct of an organisation. It assesses how well (or poorly) an organisation conforms to agreed benchmarks of ethical standards. It addresses the ultimate responsibility and corresponding accountability of the organisation's leadership to promote and ensure that its management at all levels and its staff behave in an ethical way and, by doing so, refrain from acts of fraud and corruption (EUROSAI TFAE 2017, 6).

The main purpose of an audit of ethics is to strengthen ethics management and ethical conduct in the public sector and to ensure good governance (EUROSAI TFAE 2017, 6).

AUDIT OF ETHICS

The benefits and requirements of ethics audit, which is a new area of auditing for SAIs, also take part in the agenda of the international audit organizations. As a working group of EUROSAI, the Task Force on Audit & Ethics (TFAE) was set up in 2011 with the aim of promoting ethical conduct in public organisations through the SAI's audit activities. The Task Force has developed a guideline titled "Audit of Ethics in Public Sector Organizations" after the works conducted between the 2014-2017 working period. This guideline provides SAIs with practical guidance on how to conduct an audit on ethics or ethics related issues in public sector organisations. It is the result of the research work of the TFAE. This work was based on experiences of SAIs and other organisations (EUROSAI TFAE 2017, 5).

The guideline focuses on subjects such as why SAIs should audit ethics, key concepts, definitions and key approaches in auditing ethics, designing methodology, the essentials of reporting and communication and do's and don'ts in ethics audit. The guideline includes two annexes; one of them is the list of

examples and audit reports regarding ethics, and the other one is a glossary of ethics audit.

As in conventional audit types, the audit of ethics has its own methodology. The stages of this audit are: planning (selecting audit subject, determining audit scope, aims, questions, criteria and audit evidence collection methods), execution (collecting audit evidence), reporting and monitoring.

The subject selection is the most important part of the planning stage. Since auditors have to focus on certain subjects due to resource limitations, subject selection will be an exceedingly strategic and key decision for the auditor. In this process, risk assessment is made about ethics-related subjects, and subjects that will promote the establishment of ethics management and integrity culture are selected considering the priorities of the parliament and public. Of course, those subjects should be auditable and fall under the audit mandate of the SAIs.

From research, professional knowledge and experience it is known that some areas of activity in the public sector produce higher risk of breaching ethical aspects than others, such as; public procurement, payment of subsidies, grants, benefits and allowances, granting/issuing licenses, permits, passports, identity cards, etc., sensitive information about security threats, defence, taxes, health care, companies, etc. (EUROSAI TFAE 2017, 30).

The audit objectives relate to the reasons for conducting the audit and should be established early in the audit process to assist in identifying the matters to be audited and reported on. In setting objectives, the audit team takes into account the roles and responsibilities of the SAI and the expected net impact of the audit. The said guideline gives information about potential ethics audit approaches and by considering the audit approaches to be followed, ethics audit should have particular audit objectives such as: to determine strengths and weaknesses in the ethics component of the control environment in auditing the ethics component of internal control system; to assess the existence and functioning of integrity management systems or infrastructures in public sector organisations in auditing of ethics management system within an organisation or sector; to assess the existence, effectiveness and efficiency of the national integrity system, analyse, and identify specific weaknesses in subject-focused and transversal audits (EUROSAI TFAE 2017, 31).

The audit scope is the limitation of the audit subject within the limits of resources allocated for the audit (time, labour, and budget). The scope of audit must clearly state everything to be achieved and concluded by the auditors at the end of audit. The audit scope is a clear statement of the approach chosen, of the extent and of the limits of the audit in terms of the subject matter selected. The audit scope defines the

subject matter that the audit will assess and report on, the documents, situations or records to be examined and the period reviewed (EUROSAI TFAE 2017, 32).

Another important part of the planning stage is the identification of audit questions. The audit questions refer to the breakdown of audit objectives identified before. The audit questions are the key to determine the direction of the audit and to define the methods and techniques to be used. The audit questions will have to be specific, unambiguous, auditable, relevant and logically consistent (EUROSAI TFAE 2017, 32).

The audit criteria are the reference points that the auditors use to evaluate and compare the actual situation they meet during audits. If audit criteria are not set, there will be no basis for comparison and consequently no basis for arriving audit findings, conclusion and recommendations. Examples of audit criteria for ethics audit could be ethics-related national legislation, international agreements, international guidance and recommendations, such as COSO Framework, INTOSAI GOV or OECD Integrity Framework, peer standards to compare performance indicators, institutional plans and programs(EUROSAI TFAE 2017, 35).

The last part of planning stage is the selection of audit methods that can be applied to collect audit data/evidence, which is necessary to form an audit opinion/recommendation and find answers to audit questions. Auditors should pay attention to choose the most suitable method for audit. In ethics audit, auditors look for data or evidence that will allow the application of the chosen criteria and express an opinion or answer to the audit questions (EUROSAI TFAE 2017, 38). However, a critical factor in the selection of methods is to ensure the balancing of objective data and subjective opinions – perceptions of managers, personnel and citizens that may over or under emphasise actual effects – in order to ensure the credibility of the findings (OECD 2005, 59).Data gathering methods that can be used in ethics audits are; document or case review, sampling, observation, cultural observation techniques, inquiry, interview, questionnaires, surveys and focus groups (EUROSAI TFAE 2017, 38).

Ethics audit should be planned carefully so that it can be an effective audit that serves its purpose. Since it is a new audit area, it specifically requires a qualified and trained perspective, effective stakeholder management and effective communication skills.

In executing stage, data gathering techniques as determined in the planning stage are put into practice in order to collect audit evidences. Audit evidence is the information used by the auditor in arriving at the conclusions on which the auditor's opinion is based (ISSAI 1003, 63). As is considered for performance audit in ISSAI 3000 (Article 106), the auditor should obtain sufficient and appropriate (relevance, validity,

reliability) audit evidence in ethics audit as well in order to establish audit findings, reach conclusions in response to the audit objective(s) and audit questions and issue recommendations when relevant and allowed by the SAI´s mandate.

Auditors are expected to analyse the collected information and ensure that the audit findings are put in perspective and respond to the audit objective(s) and audit questions; reformulating the audit objective(s) and audit questions as needed (ISSAI 3000 Article 112).

The comparison of observed conditions (what the auditor actually finds as a result of the review) against audit criteria results in audit findings. Audit findings are based on the identification of performance gaps such as where controls are deficient or ineffective in mitigating risks.(PASAI 2011, 63)

During audit process, audit reports are prepared to inform the parliament and public about the audit results. Apart from giving information, audit reports also serve the functions of facilitating the monitoring process and promoting the corrective actions.

An ethics audit report that is prepared in line with the generally accepted reporting standards is one of the essential tools of ensuring ethics management in public.

Ethics audit reports, like other types of audit reports, should be comprehensive, convincing, timely, clear, relevant, reader friendly, objective,

accurate, concise and constructive. An effective quality control system is required to help ensure that the reports exhibit these qualities (EUROSAI TFAE 2017, 47).

Since ethics audit deals with a sensitive subject, reporting and communication before, during and after the audit requires special care (EUROSAI TFAE 2017, 47).

Ethics audit reports should be made public and published via the similar channels as other SAI reports. Publication helps to ensure that the SAI's work results in real change and provides transparency in terms of the audited public organisation's ethical environment and behaviour (staff and management). The press/media and public at 50 large are the ultimate stakeholders when it comes to raising awareness and putting pressure to the public sector to increase transparency and accountability. The broadcast press and the written media play a significant role in raising awareness of SAI's findings and recommendations across the public (EUROSAI TFAE 2017, 49).

The SAI could adopt some communication initiatives next to the different stakeholders to maximise impact of its reports, such as: share the guideline to audit ethics with stakeholders, compile best practice, lessons learnt and impacts from its audits of ethics and share them with stakeholders, notably in the SAI's annual reports(EUROSAI TFAE 2017, 50).

SAIs end their audit processes with the monitoring task. Monitoring means following whether the audited entities comply with the recommendations given in the audit reports.

In particular, as regards ethics, demonstrating that all possible efforts have been made to improve ethical framework and to implement the audit findings and recommendations is essential for the credibility, accountability and reputation of the auditee. To lead to effective change, the recommendations need first to be accepted by auditees and then to be implemented. The SAIs need to ensure a proper monitoring of the implementation of their recommendations, knowing that it can take a significant period of time before some are implemented, due to their scale or complexity (EUROSAI TFAE 2017, 52).

The said guideline to the audit of ethics, which is outlined above, is kind of a guide for the ethics audits to be performed by the SAIs. SAIs should develop an ethics audit approach and methodology that complies with the political, economic, social and cultural conditions and legal legislation of their own country by taking this guideline and good practice examples as a reference.

CONCLUSION

Today, the exploitation, bribery, fraud and corruption cases seen in public management are the biggest barriers standing in front of the countries' efforts to develop, grow and increase welfare, and they have gone beyond being local problems and gained a global dimension.

In its all-out battle against corruption and impoverishment created by the management mentalities not based on ethical values in modern societies, the world demands transparent and accountable public managements that will implement the identified sustainable development goals.

In this new public service mentality, great importance is attached to ethical values as the fundamental principles that steer the managements, organizations and individuals. It is accepted that a management that is devoted to those values will be more effective and successful in preventing corruption, delivering qualified public services and maintaining trust in entities (Bozkurt 2010, 6).

One of the tools of making ethical principles prevail in public management is the ethics audits to be performed by SAIs. With those audits, SAIs will undertake the function of ethical guidance in public management through their reports that cover the findings and recommendation to be submitted to the parliament and public, and they can contribute to the development of a culture of ethics.

As an important component of the National Integrity System (NIS), SAIs have a particular role in promoting

integrity/ethics infrastructure systems in public sector organisations through ethics audits. By putting ethics management requirements on the agenda through ethics audits, SAIs would provide support to politicians, public managers and regulating bodies in terms of identifying the things that should be done for meeting the requirements of ethics management structures in public sector and for increasing the quality of citizens' lives and the awareness of protecting environment (Uzun 2018, 17).

In conclusion, it will not be incorrect to say that conducting ethics audit is not a choice but an obligation for the SAIs vis-à-vis the request for "good governance" expressed by citizens.

REFERENCES:

Assis. Prof. Cüneyt YÜKSEL(2005), Kamu Yönetiminde Etik Ve Türk Kamu Yönetiminde Etik Hakkında Yeni Yasal Düzenlemeler.

EUROSAI Task Force Audit & Ethics (TFAE) Guideline (20179, "Audit of Ethics in Public Sector Organisations".

Deniz KOÇ ve Ahmet GÜLER(2010), Türk Kamu Yönetiminde Etik Yapılanma.

OECD (2005), Public Sector Integrity-A Framework for Assessment
OECD (2017), Recommendation on Public Integrity.
ISSAI 1003 (2010), "Glossary of Terms to the INTOSAI Financial Audit Guidelines".
ISSAI 3000 (2016), "Standard for Performance Auditing".
PASAI (2011),"Performance Audit Manual".
Cevdet BOZKURT(2010), Yolsuzlukla Mücadele Boyutuyla Etik Ve Etik Kültürü.
Yaşar UZUN (2018), A New Perspective In Public Sector Auditing: Ethics Audit.

The Role of SAI's in Anti-corruption activities – SAI UAE

Global estimates suggest that the true cost of corruption in all its forms is in the trillions of dollars. In fact, the estimate for bribery, which is only one form of corruption, is in the range of $1.5 to $2 trillion which equates to 2% of global GDP.

The impact on society is huge and invariably the greatest impact is on the poorest where private sector/ foreign direct investment is reduced, less taxes are paid due to the perception that money will be siphoned off and not used to fund public services or infrastructure investment (Corruption Watch, South Africa[43]). Therefore, it is understandable that corruption destroys public trust in an organization, be it private or public sector and at worse can result in civil unrest and disobedience.

Reducing and ultimately eradicating corruption must be a priority for all countries, and some countries have made good progress as seen in Transparency International's Global Corruption Perception Index. Of the 180 countries assessed, two thirds scored less than 50% in the perception index and the average score was only 43 (CNBC and Transparency International). The fight against corruption requires a holistic and coordinated approach (OECD 2016[44]), a message reinforced by International Federation of Accountants (IFAC) in the accountancy profession playing a positive role in tackling corruption[45] (IFAC 2018). This builds on the seminal report from the World Bank highlighted the need to develop professional accountants and auditors[46]

The auditor has a key role in detecting, preventing and deterring any fraud and corruption (Transparency International[47] 2017) although corruption is different from fraud as it does not leave a paper trail (Khan 2006)[48]. Therefore, corruption auditing is difficult.

The Supreme Audit Institutions (SAIs) also have a key role to play to reduce corruption. The International Organiusation of Supreme Audit Institutions (INTOSAI)'s vision, set out in the 2017-2022 strategic plan is to *promote good governance by enabling SAIs to help their respective governments improve performance, enhance transparency, ensure accountability, maintain credibility, fight corruption, promote public trust, and foster the efficient and effective receipt and use of public resources for the benefit of their citizens[49].*

---

[43] Corruption: we are all affected
https://www.corruptionwatch.org.za/learn-about-corruption/what-is-corruption/we-are-all-affected/
[44] OECD Putting an end to corruption
http://www.oecd.org/corruption/putting-an-end-to-corruption.pdf

[45] IFAC The Accountancy Profession Playing a positive role in tackling corruption
https://www.ifac.org/system/files/publications/files/IFAC-The-Accountancy-Profession-Playing-a-Positive-Role-in-Tackling-Corruption.pdf
[46] cited in Transparency International Anti Corruption Helpdesk Report: Role of External Auditing in fraud and corruption
https://www.transparency.org/files/content/corruptionqas/External_auditing_and_corruption_2017.pdf
[47] The role of external auditing in fraud and corruption.
https://www.transparency.org/files/content/corruptionqas/External_auditing_and_corruption_2017.pdf
[48] The role of audit in fighting corruption
unpan1.un.org/intradoc/groups/public/documents/UN/UNPAN025122.pdf
[49] INTOSAI's strategic plan 2017-2022 http://www.intosai.org/fileadmin/downloads/downloads/1_about_us/strategic_plan/EN_INTOSAI_Strategic_Plan_2017_22.pdf

Transparency International establishes the following key recommendations for external auditors:

- **Clarity** – what are standards or principles that auditors need to follow on anti-corruption? What is the mandate?

- **Raise ethical standards**

- **Ensure independence of the auditors, thereby empower to review without fear of recrimination**

- **Strengthen auditor supervision to promote best practice and reduce opportunity for collusion with auditors.**

Article 8 of the OECD convention on combating foreign bribery and Article 12 of the United Nations Convention against Corruption (UNCAC) contain explicit accounting and auditing provisions to promote transparency and accountability in financial reporting. The State Audit for the United Arab Emirates has been a long-standing supporter against the fight against corruption and has been a signatory to the convention, ratified in February 2006. His Excellency Dr Harib Alamimi, the President of the SAI, Chairman of the INTOSAI headed the delegation of the UAE to the seventh session of the UNCAC (2017) emphasized that the SAI participates as the central competent authority in anti-corruption and in charge of running the anti-corruption agreement at national and international level .

During a review the team noted the considerable efforts of different states to align the national legislation with the convention requirements as the executive summary of the review outcomes has shown the robust of the legislations system as well as the legal and the institutional framework adopted by the UAE in fighting corruption and limit its spread.

All of these efforts are recognized as the UAE is ranked 21st out of 180 countries. This improvement has been achieved through '*good and efficient management of public finances, improved public procurement and better access to public services and infrastructure'*. ([Transparency International](#))

As finance evolves with the new innovations such as the increasing digital agenda and the greater adoption of block-chain, this will impact the audit profession too. The UAE SAI has been developing and up-skilling its staff to be able to deal with these and many staff

have successfully completed the CIPFA's training on anti-corruption[50]

The State Audit are delighted to be hosting the eighth session of the UN convention against corruption in December 2019.

[50]https://www.cipfa.org/services/counter-fraud-centre/training-and-events

THE ROLE OF THE STATE AUDIT OFFICE OF VIETNAM IN DETECTING FRAUDS AND COMBATING AGAINST CORRUPTION –

SAO Vietnam

Corruption is a negative social phenomenon that exists in all countries of the world, and in both the public and non-state sectors. Corruption not only causes serious damage to public resources and to the proper functioning of the state system but also violates social justice and fairness, lessens public trust in state institutions, and hinders national development and poverty reduction. Anti-corruption, therefore, is one of the most concerned issues of all countries; supreme audit institutions (SAI) are considered as effective tools since they play an extremely important role in preventing and combating against corruption through auditing activities.

The role of SAIs in combating against corruption

Almost all countries set up SAIs to monitor their financial performance and work efficiency of public institutions. According to OECD (2011), SAI – an organization responsible for auditing government revenues and expenditures – acts as a supervisory body for national financial integrity by assessing whether public funds are effectively and efficiently regulated according to the rules.

Four core objectives in the Lima Declaration (INTOSAI, 1998) were adopted with high consensus, showing the relevance of audit activities with the anti-corruption issues:

(i) Reasonable and effective use of public funds;

(ii) Development of sound financial management;

(iii) Reasonable management of administrative operation;

(iv) Information and communication systems to public agencies and the public through public disclosure of objective reports.

As one of the pillars of national integrity system and the public financial supervisory body, SAIs' contribution to corruption prevention and combat is mainly referred to two ways: (i) Prevention and (ii) Detection.

Despite differences in legal frameworks, institutions, organizational models (whether Westminster, judicial or board model), functions and duties of SAIs in each countries, they generally provide the function of deterrence and prevention in the fight against corruption. SAIs are not considered as anti-corruption agencies; and the functions and duties of many SAIs do not require clear responsibility for the detection and investigation of corruption. However, besides prevention and deterrence, there has been public expectation that SAIs play an important role in detecting frauds and evidence of corruption and thus coordinating with concerned agencies. This coordination is objective and based on INTOSAI's Mexico Declaration on

independence of SAI.

In particular, the Resolution A/66/209 dated 22nd December, 2011 of General Assembly of the United Nations on "Promoting the efficiency, accountability, effectiveness and transparency of public management by strengthening the role of SAIs" recognizes the importance of SAI in promoting the efficiency, accountability, effectiveness and transparency of public management, which makes important contribution to ensure the integrity and the implementation of anti-corruption.

The role of the State Audit Office of Vietnam in the prevention and fight against corruption

The Constitution in 2013 added Article 118 on the legal status of SAV and the Auditor General: "*the body established by National Assembly operates independently and only obeys the law, audits management and use of finance and public assets*", transforming the SAV from a statutory body to a constitutional authority and enhancing the position, role and responsibility of the SAV in auditing management and use of public finance and assets. By specifying the provision of Article 118 of the Constitution, the State Audit Law, approved by the National Assembly in 2015, states clearly the legal status, function and legitimate of the SAV as well as enhances the SAV's independency. The SAV, through auditing activities, detects frauds and coordinates with other concerned bodies to combat against corruption.

According to State Audit Law 2015, SAV has the function of making evaluation, conclusion and recommendation for the management and use of public finance and public assets (Article 9). Also, the SAV has the duty to transfer the auditing documents to investigation bodies, the People's Procuracy and other governmental bodies who have the function of considering and handling cases of crimes and law violations of the audited entities, organizations and individuals that are uncovered by auditing activities (Article 10).

In particular, compared to many SAIs in the world, the responsibility of the SAV in anti-corruption is also specified in the Anti-Corruption Laws.

Under the Anti-Corruption Law 2005 and the amended Laws (2007 and 2012): Within the scope of the duties and powers, the SAV is responsible for implementing audit to prevent, detect and coordinated handle corruption; In case of detecting corruption, the documents is transferred to the investigate agencies, the Procuracy or competent agencies and organizations (Article 77). The Anti-Corruption Law also stipulates the responsibilities of the SAV in coordinating with the inspection and investigation agencies, the Procuracy and the Court as the following contents: (i) Regularly exchange information, documents and experiences on anti-corruption; (ii) Transfer corruptions cases to the competent state agencies; (iii)

Recapitulate, evaluate, forecast corruption and propose policies and solutions to prevent corruption (Article 80). In addition, the amended Law 2012 stipulates that the SAV is one of the agencies have the right to request verification of assets if in the audit process there is any conclusion on the responsibility of the person who is obliged to declare assets related to corruption (Article 47a).

With the above role and legal status, the value and benefit of the SAV in the derogation detection and anti-corruption are presented through the following contents:

- Firstly, the SAV is a body working for transparency in budget finance through public audit conclusion on financial statements of organizations and budget levels. This is the basis for National Assembly deputies, People's Council deputies, state agencies, social organizations and citizens in monitoring the management and the use of public finance.

- Secondly, the SAV is an important body in detecting phenomena, signs of embezzlement, squandering, law violation in economic and financial management, inefficient use of financial resources and state asset. On that basis, the SAV suggests the competent state agencies need to promptly prevent and fight against corruption in accordance with law; proposes financial handling and thoroughly recovering the lost assets to the state; proposes solutions to improve mechanisms, policies and laws to

contributions to anti-corruption. In case of detecting criminal signs, the SAV set up documents to suggest the law enforcement agencies need to handle the related subjects in accordance with the law.

- Thirdly, by its independence privilege in auditing, the SAV could put focus on and select the potential areas of gross corruption and waste, issues of public concern while developing its audit plans.

The SAV has been conducting audits in a comprehensive manner on the management and use of public finance, assets as well as the activities related to the management and use of public finance, assets. More specifically, the SAV has conducted: (i) audits of annual budget of central ministries, agencies and localities; (ii) audits of the constructions, management and use of the investment capital of projects; (iii) audit of management and use of the state capital, assets of corporations and groups; (iv) thematic audits of sensitive areas and potential issues of gross corruption and waste. Thanks to the great efforts having taken, the Office has witnessed positive and considerable results in audits of the state management of natural resources and minerals; the management and use of land; the investment of transportation infrastructure in the form of PPP. The common types of audit engagements that the SAV usually chooses include performance audit, financial audit and compliance audit.

Recognizing the role and important

contributions of the SAV to the anti-corruption course, the newest-promulgated Law on Anti-Corruption which was adopted by the National Assembly in 2018 (and came into effect from the first of July 2019) regulates that the SAV has statutory function to conduct audit with a view to eliminating, detecting corruptions, audit of cases with signs of corruption (Article 87), of which function of auditing "cases with signs of corruption" is a newly added point than the previous legislations.

In order to well discharge of its statutory responsibilities, the SAV has drawn a prime lesson that it is imperial to ensure the balance of the following factors: (i) adequate and comprehensive legal framework in support for the operation and organization of the SAV; (ii) audit standards, processes and modern audit methodologies; (iv) close coordination with other key bodies of the national integrity system; (v) enhanced cooperation with other SAIs; and (vi) the transparency, publicity and accountability of the State.

Other Articles

SAYCAP- Audit Management System of Turkish Court Of Accounts (TCA)

-Turkish Court of Accounts

1. Introduction

SayCap is Audit Management System of Turkish Court Of Accounts (TCA)by which entire audit process proceeds step by step. SayCap was produced as a tailor made software to meet the TCA's all needs. It was started to be used in 2012. Since 2012, Saycap has been continuously updated and many improvements have been made in line with the decisions of The Board of Auditing, Planning and Coordination and the changes in audit manuals.

SayCap helps TCA to strengthen audit management by using IT and supports TCA to carry out the overall reporting responsibilities on time.

Regularity Audits, Performance Audits and State Economic Enterprises Audits by TCA are performed by means of SayCap.

The main screen of SayCap is shown above. Modules of SayCap are going to be introduced step by step in line with the audit processes.

2. Programming

At the very beginning of the audit period, Heads of audit groups and head of Audit Supporting Group 1 input their risk assessments and opinion into this module. Risk assessment is crucial. Because The Board of Auditing, Planning and Coordination prepare audit strategic plans and annual audit programs in line with the risk analysis in consideration with the expectations of the Turkish Grand National Assembly, the public and the public administrations subject to audit.

3. Group Resources Planning

When annual audit program is prepared by The Board of Auditing, Planning and Coordination, this module is used by the heads of groups

to make planning for the public administrations, auditors and time resources.

4. Planning

Planning modules consists of various sub modules. Some of them are only for team leaders. Team leader assigns the procedures to the auditors. These procedures may be mandatory or optional. Team leader may produce new procedures or may use procedures which exist in the procedure pool. Auditors complete procedures assigned to them and team leader approved these procedures. All procedures contains working papers. Auditors can also upload files (related files, reports, etc.) In contrast to the procedures in execution module, auditors can also add risks (inherent or control risk) at this step. Findings can be added to a procedure by an auditor when he fills and saves the necessary information. Two points are especially important. Firstly, expected amount of error, topic of the finding and related account area must be determined by the auditor. Secondly, if any suspect about public loss exist, then the inquiry box (box exist in the finding screen) must be filled by auditor to start working for Judicial Report.

5. Execution

Just as planning module, auditors fill their working papers, add findings and complete their procedures at this step. As part of the execution process hot review is performed by team leaders and heads of groups. Besides, during auditing, if an auditor has suspect about whether any public loss occurred or not

he can use "inquiry" sub-module of execution module to start judicial report process. Works on inquiry sub-module is independent from other sub-modules of Execution module.

6. Reporting

The reporting module consists of 5 sub-modules. These are Draft Report Assessment, Audit Report Assessment, TCA Draft Report Assessment, TCA Report Final and Judicial Report. All findings about public administration which may come from planning or execution modules are consolidated in this module. Works on the sub-modules of 'Reporting' module is proceeds in accordance with the provisions of Code of Turkish Court of Accounts and TCA's reporting guidelines. Works on judicial report sub-module is independent from other sub-modules of Reporting module.

7. Quality Control & Monitoring

Quality Control & Monitoring Modules are used by Audit Supporting Group 1 for assignment of principal auditors into Report Evaluation Commissions, by principal auditors to evaluate their colleagues audit reports, by the Senior Rapporteurs of Chambers for assignment of rapporteurs to the audit and judicial reports before the opinion of the related Chamber is expressed and decision on matters related to public loss is taken, by the Senior Rapporteurs of the Board of Report Evaluation for assignment of rapporteurs to the audit reports before the opinion of the Board is expressed.

8. Management Tools

Instant data about any steps of audit process, auditees and auditors can be produced by using this module (User can compare between the public administrations or auditors based on the number of findings by years, etc.) Only presidency and system administrators are authorized to use this module.

9.   Settings

The 'Settings' module is used by system administrators only. Data entry can be done only by them. 'Settings' contains data about users, authorization levels, audit pool and auditing parameters.

The FIPP: Who We Are, What We Do

-FIPP Secretariat

In 2014, the International Organization of Supreme Audit Institutions (INTOSAI) established a temporary Common Forum for professional standards. At the 2016 INTOSAI Congress in Abu Dhabi, the forum was confirmed as a permanent body and designated the Forum for INTOSAI Professional Pronouncements (FIPP).

The FIPP—Who We Are

FIPP members are selected by the INTOSAI Goal Chairs— Professional Standards Committee (PSC), Capacity Building Committee (CBC) and Knowledge Sharing Committee (KSC). Every year, the Goal Chairs issue a call for nominations for new FIPP members. The FIPP composition intends to mirror INTOSAI's membership in respect to regional representation, Supreme Audit Institution (SAI) models, audit types and audit/capacity development expertise. The FIPP comprises between 10 and 16 members, including the FIPP Chair, and member appointments are dependent on the relevant SAIs' commitment to permitting nominees to work for INTOSAI.

The FIPP—What We Do

Supporting professional development by ensuring INTOSAI provides clear, consistent professional pronouncements for public-sector auditing, the FIPP reviews, monitors and ensures numerous tasks to include ensuring:

- International Standards of Supreme Audit Institutions (ISSAIs), as well as related principles and guidance, are developed based on a consistent set of professional standards that serve the needs of INTOSAI members;
- Professional pronouncements are based on fundamental public-sector auditing principles (as defined in ISSAI 100);
- Professional pronouncements contribute to accountability, effectiveness, efficiency and transparency of public-sector auditing; and
- Professional pronouncements provide the basis for capacity development and facilitate knowledge sharing and verification.

The FIPP's authority and responsibilities are defined in the Due Process for the INTOSAI Framework of Professional Pronouncements (IFPP). The FIPP also addresses crosscutting issues, such as:

- Responding to inquiries from those drafting ISSAIs (or other documents) for the IFPP;
- Defining common INTOSAI positions on standards-related issues;
- Encouraging the consideration of all perspectives (auditor, stakeholder) in the standard-setting process; and

56

- Liaising with INTOSAI working groups and subcommittees that develop IFPP content.

The FIPP's Working Procedures

According to the FIPP's Terms of Reference, FIPP members develop the working procedures that establish the forum's decision-making process and reporting mechanism.

These procedures, important in supporting the FIPP's work, developing INTOSAI as a professional standard setter, and ensuring a more transparent, predictable process, were approved by the FIPP in August 2018 and will soon be available online.

The Process for Developing Pronouncements

The Due Process for developing pronouncements applies to (1) new pronouncements, (2) changes of substance in existing pronouncements, and (3) incorporating pronouncements issued by other organizations into the IFPP. The FIPP approves project proposals, exposure drafts and endorsement versions to be sent to INTOSAI's Governing Board for approval.

Current SDP Status

The Strategic Development Plan (SDP) is a general IFPP strategy and working plan that assembles all initiatives to develop, revise or withdraw professional pronouncements. The current SDP covers the period 2017-2019, and the status of the projects can be consulted here.

The PSC is migrating existing pronouncements (not due to be reviewed in the current SDP) from the previous ISSAI framework to the IFPP. This process includes editorial changes and renumbering. All drafts will be FIPP-approved prior to migration.

The FIPP's Involvement with the New SDP

Following Due Process, there was a broad consultation to the INTOSAI community and external stakeholders. Based on these inputs, along with an internal IFPP assessment and guidance from the Goal Chairs, the FIPP will prepare a proposal for the next SDP to be approved by the PSC Steering Committee and endorsed by INTOSAI's Governing Board.

The FIPP's Commitment to Standard Setting

The FIPP is committed to supporting SAI professional work by ensuring all IFPP professional pronouncements follow a quality control process that includes consistency, accountability and transparency.

The FIPP, a part of INTOSAI's efforts to improve standard setting, is still under development. The first objective under Goal One of INTOSAI's Strategic Plan 2017-2022 calls for a strong organizational framework to support INTOSAI standard setting. This includes a permanent standard-setting board (FIPP) along with technical support and independent advisory functions.

As part of its role as an INTOSAI standard-setting board, the FIPP aims to develop working procedures and a new SDP by 2022.

For more information about the FIPP and INTOSAI standard setting, visit http://www.psc-intosai.org/en_us/site-psc/fipp/.

KEY TERMS

FIPP: Forum for INTOSAI Professional Pronouncements—established to support professional development by ensuring INTOSAI provides a clear and consistent set of professional pronouncements for public sector auditing.

IFPP: INTOSAI Framework of Professional Pronouncements— consists of:

- INTOSAI-P: INTOSAI Principles
- ISSAI: International Standards of Supreme Audit Institutions
- GUID: INTOSAI Guidance

SDP: Strategic Development Plan—the general strategy and working plan for IFPP development.

PSC: Professional Standards Committee—leads standard-setting efforts within INTOSAI (INTOSAI Strategic Plan Goal 1).

New Head of SAIs

SAI Japan

Dr. Mari Kobayashi
President and Commissioner, Board of Audit Japan and
Capacity Development Administrator of ASOSAI

Dr. Mari Kobayashi assumed the Presidency of Japan's Board of Audit (BOA) on December 7, 2018. She succeeds Mr. Teruhiko Kawato, who retired from office on October 22, 2018.

Prior to assuming her position as BOA President, Dr. Kobayashi served as BOA Commissioner (since 2013) and as Acting President upon Mr. Kawato's retirement. Her previous experience also includes a professorship at the Graduate School of Political Science at Waseda University in Tokyo.

In a related move, Mr. Hajime Okamura was appointed as BOA Commissioner. He joined the BOA in 1983 and has held several important positions within the BOA General Executive Bureau, including Secretary General, prior to his appointment as Commissioner. For additional information, contact us via email at liaison@jbaudit.go.jp or visit http://www.jbaudit.go.jp/english/.

SAI UAE

H.E DR. Harib Saeed AL Amimi
President, State Audit Institution of The United Arab Emirates and
Chairman of INTOSAI

Holds a PhD in Financial Economics, a Master of Science in Financial Management and Bachelor degree in Accounting.

Served as an Officer in the Armed Forces of the UAE for more than 25 years.

Selected in 2007 by the top UAE Federal Government decision makers to be appointed as only the second President of the State Audit Institution in the history of the organization.

The SAI is the Supreme Audit Institution of the UAE Federal Government with a total of more than 70 organizations to audit. Of these, 12 are corporations owned or partially owned by the UAE Federal Government.

INTOSAI News

71st Meeting of the INTOSAI Governing Board in Moscow, Russian Federation, 15-16 November, 2018

Upon the invitation of the Accounts Chamber of the Russian Federation the 71st INTOSAI Governing Board meeting took place in Moscow with around 90 participants on November 15 and 16, 2018.The meeting was held under the chairmanship of Dr. Harib Al Amimi, SAI of United Arab Emirates.

The major decisions taken by the Board included:-

- Creation of a Memorandum of Understanding between INTOSAI and the United Nations Office on Drugs and Crime (UNODC) to foster the participation of SAIs in the Conference of the States Parties to the UN Convention against Corruption.
- Approval of the Rules of Procedure for INCOSAI XXIII in 2019.
- Approval of the format of the outcome document of INCOSAI XXIII – the Moscow Declaration.
- Approval of the INTOSAI Handbooks for Congresses and Handbooks for Governing Board Meetings.
- Postponement of the decision regarding the application for full membership in INTOSAI of the SAI of Kosovo until the 72nd GB Meeting in 2019.
- Approval of revised Financial Regulations and Rules for INTOSAI.
- Approval of the necessary financial resources for the relaunch of the INTOSAI website.
- Approval of a proof of concept exercise for a Technical Support Function (TSF) of the Forum for INTOSAI Professional Pronouncements (FIPP) and the adoption of the necessary measures. The TSF will, in a first phase, work virtually and a job profile for the collaborators and the criteria for the host of the TSF will be elaborated

- Creation of a section for the work of SAIs with jurisdictional responsibilities in the INTOSAI competency framework for public sector audit professionals
- Encouragement of SAIs to undergo SAI PMF assessments and to engage actively in such an assessment
- Transition of the leadership in the work-stream for Guides and Occasional Papers, from the SAI UK to the SAI Kenya
- Support of the draft guide on Developing Pathways for the Professional Development of Auditors in a SAI, aimed at utilizing the INTOSAI competency framework to develop public sector audit professionals in the most context-appropriate way, including the recently completed global research results
- Approval of the first INTOSAI Performance and Accountability Report
- Recognition of the current status of the development of the Strategic Development Plan 2020-2025 of the FIPP
- Creation of an interim Task Force on the Impact of Science and Technology on Auditing

- Support for the IDI Strategic Plan 2019-2023 for adoption by INCOSAI XXIII
- Elaboration of a manual for ensuring consistency in content, branding and a clear purpose for all INTOSAI websites
- Updating the communication strategy in the light of technological developments including stakeholder definitions
- Follow-up on the dialogue with the United Nations and other stakeholders on the Independence of SAIs
- Elaboration of a roadmap for INCOSAI XXIII, UN/INTOSAI Symposium 2020 and HLPF to promote advocacy and more clarity on the SDG programs within the framework of the INTOSAI strategic vision regarding the SDGs.

ASOSAI News

Design Meeting for the Training Course on eLearning for Resource Persons,Tokyo, Japan, February 2019

Instructors'

The instructors' design meeting for the Training Course on eLearning for Resource Persons was held from February 4 to 8, 2019 in Tokyo, Japan with the administrative support of the Board of Audit of Japan.

Eight officials from seven member SAIs, namely, SAIs of Bangladesh, Bhutan, India, Indonesia, Malaysia, Maldives and Thailand participated in the meeting to Persons, from 15 April to July 12 2019.

design the course and revise course materials. The staff of the Capacity Development Administrator of ASOSAI (SAI Japan) also attended the meeting for its overall management.

The course materials formulated during the meeting were utilized for the Training Course on eLearning for Resource.

Regional Audit Review Meeting of ASOSAI Capacity Development Program on "IT Audit", Bangkok Thailand, April, 2019

Regional Audit Review Meeting

Regional Audit Review Meeting of ASOSAI Capacity Development Program on "IT Audit" was held in Bangkok, Thailand from April 1 to 5, 2019 with the administrative support of the State Audit Office of the Kingdom of Thailand.

In the meeting three resource persons from SAIs of China, India and Philippines facilitated the sessions with the support of the Program Manager from SAI Thailand. A representative of the Capacity Development Administrator of ASOSAI (SAI Japan) also attended the meeting to organize it.

Also, a representative of ASOSAI Secretariat (SAI China) made a remark at the Opening Ceremony. In the Meetings, 25 participants from 25 SAIs attended the Meeting and actively discussed about their audit findings.

Activities in Member SAIs

SAI India

Visit of 6 member Chinese delegation led by Vice Chairman of the Budgetary Affairs Commission of the Standing committee fo the National People's Congress of the People's Republic of China on 1st November, 2018

A 6 member Chinese delegation led by Mr. Zhu Mingchun (Minister level), Vice Chairman of the Budgetary Affairs Commission of the Standing Committee of the National People's Congress of the People's Republic of China visited India from 1st to 2nd November 2018.

The Chinese delegation visited the CAG Office and had a meeting with the Senior Management on 1st November 2018 to discuss about the Audit practices and policies of SAI India.

Visit of Chinese delegation, New Delhi, 1st November 2018

Visit of a technical team from Office of the Auditor General (OAG), Kenya, 26-30 November 2018

A three member delegation from the office of the Auditor General, Kenya led by Mr. David Obwaya Gichana, Deputy Auditor General visited India from 26-30 November 2018.

The purpose of the visit was to learn from SAI India regarding Social Accountability Framework/Citizen Engagement Framework with an objective of enhancing government accountability. Presentations were made by the Director General, PPG and Principal Director, Local Bodies on Policy, Programme and Strategy of IA&AD for engagement with citizen and non-state actors and Rules for establishing and ensuring functional and financial independence of Social

Audit Units, respectively. They met the Senior Management of SAI India and also visited our international training centers i.*e.* the International Center for Information Systems and Audit (iCISA) at NOIDA and the International Center for Environment Audit and Sustainable Development (iCED) at Jaipur and also

our Office of Principal Accountant General (General and Social Sector Audit), Jaipur for discussion on Social Audit.

Visit of SAI Kenya Delegation, New Delhi, 26-30 November 2018

Visit of delegations from SAI Oman, 20 December 2018 and 4-8 March 2019.

A three member delegation from State Audit Office, Sultanate of Oman headed by HE Nasser Hamood Al Rawahy, Deputy Chairman visited SAI, India on 20.12.2018 to conduct an interview for selection of six officers from SAI India as "Specialists" on Secondment basis to SAI, Oman.

A four member delegation also led by HE Nasser Hamood Al Rawahy, Deputy Chairman again visited SAI India from 04-08 March 2019. The

purpose of the visit was to upgrade their training department into a training center and to upgrade the skills of their staff.

During the visit, the delegation visited the International Center for Environment Audit and Sustainable Development, Jaipur (iCED) and International Center for Information Systems & Audit, Noida (iCISA) to understand the best practices followed by them. The delegation also had a courtesy meeting with the Comptroller

and Auditor General of India on 7th March 2019 at New Delhi.

Visit of SAI Oman delegation, 4-8 March 2019

SAI Pakistan

PAK-CHINA BILATERAL SEMINAR HELD IN ISLAMABAD

A two-day Pak-China Public Auditing Bilateral Seminar was held on 10-11 January, 2019 at the Office of the Auditor General of Pakistan, Islamabad, Pakistan. The Seminar marked continuity of the tradition and practice of technical cooperation between the two Supreme Audit Institutions in the areas of public sector auditing, which has helped both institutions in knowledge development and continued professional growth of auditors. The two-day Seminar focused on public works audit with an additional emphasis on audit of post disaster recovery and reconstruction, and audit of public-private partnership projects. A five member delegation from SAI China participated in the Seminar. The Auditor General of Pakistan in his inaugural address expressed his hope that the collaboration of this type would not only enrich the understanding of selected themes but also encourage further improving of audit approach, methodologies, knowledge and techniques needed to bring value and quality to audit products. Pakistan's

Federal Minister for Finance and Revenue was the Chief Guest at the inaugural ceremony. In his address he lauded the efforts of Department of the Auditor General of Pakistan in strengthening the accountability process in the country. He mentioned that ensuring accountability and fair play in all economic affairs of the public sector is the main responsibility of government. He urged the AGP to utilize Department's full potential in ensuring accountability in all public sector institutions of the country. SAI Pakistan contributed three country papers in the Seminar. During the two-day proceedings, the presenters made presentation on Post Disaster Recovery and Reconstruction, Audit of Post Disaster Recovery, Post Disaster Recovery and Reconstruction, Public Works Audit in Pakistan, Introduction to China's PPP Projects Auditing, and Audit of PPP Projects in the area of Civil Work.

FINANCE MINISTER ASAD UMAR IN A GROUP PHOTOGRAPH WITH PARTICIPANTS OF PAK-CHINA PUBLIC AUDIT SEMINAR AT AGP OFFICE, ISLAMABAD ON JANUARY 10, 2019.

PAKISTAN-INDONESIA BILATERAL SEMINAR HELD IN ISLAMABAD 26th March, 2019

First Pak-Indonesia public auditing seminar on the theme of "Audit of Disaster Management" was held on 26th March, 2019 at the Office of the Auditor General of Pakistan, Islamabad. A four member delegation headed by Dr. Baharullah Akbar, the Vice-Chairman of Audit Board of the Republic of Indonesia participated in the Seminar. The Auditor General of Pakistan during his address in inaugural session emphasized on learning from each-others expertise particularly in the field of rehabilitation of affected people and

reconstructing of affected infrastructure damaged during earthquake and tsunamis in both countries [Pakistan and Indonesia] respectively. The expertise would ensure proper utilization of public money in transparent manner. Both the SAIs contributed a country paper in the Seminar. The highlights of the seminar are that natural disasters reported globally have increased considerably over the past three decades causing significant loss of life and set economic and social development by years. The Post disaster phase begins with recovery and relief activities followed by rehabilitation and reconstruction activities. The international community has moved towards new policy objectives to reduce the risk of and prepare for potential disaster. During the seminar it was agreed that SAIs have a vital contribution to make in keeping government and others managing disaster related aid accountable to parliaments and citizens for the use of resources. Simultaneously, SAIs can also evaluate the priority assigned to disaster risk reduction by the government.

Email/Webpage addresses of member SAIs

SAI	Email address	Webpage
Afghanistan	sao@sao.gov.af / afghancao@gmail.com	http://sao.gov.af/en
Armenia	vpal@parliament.am	www.coc.am
Australia	ag1@anao.gov.au External.Relations@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	jabaudbd@brunet.bn	www.audit.gov.bn
Cambodia	naakh@naa.gov.kh, sg.audit@naa.gov.kh, chea_sophat@yahoo.com	www.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.idinternational@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	int.rel@esep.gov.kz	www.esep.kz
Korea	koreasai@korea.kr	www.bai.go.kr
Kuwait	president@sabq8.org, training@sabq8.org	www.sabq8.org
Kyrgyzstan	ir@esep.kg, esep@esep.kg	www.esep.kg
LAO-PDR	sao@etllao.com	
Malaysia	jbaudit@audit.gov.my ag@audit.gov.my	www.audit.gov.my
Maldives	info@audit.gov.mv, maldago@dhivehinet.net.mv	www.audit.gov.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	agopng@ago.gov.pg gsullimann@ago.gov.pg, agois@ago.gov.pg	www.ago.gov.pg
Philippines	gemcarague@coa.gov.ph, lbdimapilis@coa.gov.ph	www.coa.gov.ph

Qatar	info@sab.gov.qa	www.sab.gov.qa
Russia	zylis@ach.gov.ru, intrel@ach.gov.ru	www.ach.gov.ru
Saudi Arabia	gab@gab.gov.sa,sumaya.almarzooqi@saiuae.gov.ae,	www.gab.gov.sa
Singapore	ago_email@ago.gov.sg	www.ago.gov.sg
Sri Lanka	oaggov@sltnet.lk	www.auditorgeneral.lk
Tajikistan	interdep@sai.tj	www.sai.tj
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	tech_coop2007@yahoo.com coca@y.net.ye	www.coca.gov.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@korea.kr	www.asosai.org
EUROSAI	eurosai@tcu.es	www.eurosai.org
OLACEFS	relacionesinternacionales@contraloria.cl (Executive Secretariat, SAI of Chile) PresidenciaOLACEFS@asf.gob.mx(Presidency of OLACEFS, SAI of Mexico)	www.olacefs.com
PASAI	enquiry@oag.govt.nz	www.pasai.org
ARABOSAI		www.arabosai.org
INTOSAI Development Initiative (IDI)	idi@idi.no	www.idi.no
INTOSAI 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://www.asosaijournal.org

Schedule of ASOSAI capacity development and activities for 2019

Year	Date	Event	Venue
2019	April-July	Training Course for Resource Persons on eLearning	(online)
	October (two weeks,tentative)	Instructors' design meeting for ASOSAI Pilot Capacity Development Program 2020-2021	Tokyo, Japan
	October (one week,tentative)	SAI PMF analyzing and report writing workshop (IDI-ASOSAI Programme)	Dhaka, Bangladesh
	November/December (one week,tentative)	ASOSAI Seminar on "Quality Control/Quality Assurance"	TBD
	December(tentative)	Strategic planning workshop (IDI-ASOSAI Programme)	TBD