



Asian Journal of Government Audit

October 2006

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The Asian Journal of Government Audit is published twice in a year in English on behalf of the Asian Organization of Supreme Audit Institutions (ASOSAI). The journal is an official organ of ASOSAI and has the objectives of promoting sound and effective State Audit Systems and providing ASOSAI members with a forum for sharing experiences in different areas of State Audit.

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Editorial

It has been a very significant year to all of us in ASOSAI in many ways. We had our triennial Assembly, preceded and followed by Governing Board meetings, in Shanghai, China in September this year. The Assembly elected the new members to the Governing Board, and endorsed the recommendation of the Governing Board to nominate SAI China as the new Chair and continuation of SAI India as the Secretary General. The Assembly also elected the new members of the Audit Committee. The Assembly adopted the Strategic Plan of ASOSAI and also approved the guidelines on 'Audit Quality Management Systems. The symposium, on "The Role of Audit in Promoting Government Accountability", which was held during the Assembly, witnessed the presentation of reports by the panelists as well as lively participation of all members during discussions. All kudos to Chinese National Audit Office for the excellent arrangements made for the Assembly. I am sure all of us who attended the Assembly would have taken back with us fond memories of the Chinese hospitality.

We have made encouraging progress in the capacity building front for our member SAIs. The terms of reference of the Training Committee was amended by the Governing Board to suitably reflect the spirit of our partnership with other organizations. Under the ASOSAI-IDI-ADB Cooperation Programme a workshop was held in Mongolia for the newly established SAIs. The annual ASOSAI workshop on "Audit of Procurement" was held in Indonesia and a new training workshop sponsored by JICA is scheduled in November this year in Tokyo. These capacity building initiatives are a reflection of our endeavor to implement the Strategic Plan of ASOSAI.

As the Editor of the ASOSAI Journal, I have been receiving lot of cooperation from our members by way of contribution of material and

articles for the Journal. This trend is very encouraging and it will greatly help us in our endeavor to disseminate and share information and upgrade the existing knowledge and skills in our region. I am very hopeful that with the active participation of all our members by way of their contributions to the Journal besides others, the ASOSAI would truly become a “knowledge organization” I would be pleased to receive your comments and suggestions, if any, in our continuous effort to improve the quality of the Journal.

As I release this issue of the Journal, I wish all the readers a Happy New Year.

INTOSAI News

On its 50th anniversary, INTOSAI adopted a strategic plan to guide its activities for 2005-2010. This plan called for the creation of the Capacity Building Committee (CBC) under Goal 2 to enhance the professional capabilities of SAIs through training, technical assistance, advisory and consultant services, peer reviews, partnerships with international organizations, and other development activities. SAI-Morocco was elected as the Chairman of the CBC & SAI-USA as the Goal Liaison of Goal 2 by the extraordinary INTOSAI GB held in Budapest in March 2005.

Capacity Building Committee

The main committee is the CBC's superior body. It is open to all SAIs that wish to join it. Its members constitute a network of resources able to accomplish the different tasks the subcommittees undertake.

The steering committee coordinates the CBC's work and develops partnerships with international development organizations. It consists of the CBC chair, the goal 2 liaison, chairs of the subcommittees, representatives nominated by each INTOSAI region (AFROSAI, ARABOSAI, ASOSAI, CAROSAI, EUROSAI, OLACEFS, AND SPASAI), the chair of the PSC (goal 1) or his representative, and representatives of the INTOSAI General Secretariat and IDI, who participate as observers. The steering committee is expected to meet annually or semi annually.

The CBC has the following three subcommittees:

- ❑ Subcommittee 1: Promoting increased capacity-building activities among INTOSAI members (chaired by the United Kingdom).
- ❑ Subcommittee 2: Developing advisory and consultancy services (chaired by Peru).
- ❑ Subcommittee 3: Promoting best practices and quality assurance through voluntary peer reviews (chaired by Germany).

Subcommittee 1 (promoting increased capacity-building activities among INTOSAI's members) is working to strengthen institutional capacities, coordinate SAI capacity building projects, collect and disseminate information on the capacity-building projects that SAIs have undertaken, develop and disseminate best practices, develop a bank of generic training materials on key areas of SAI work, identify opportunities for

distance learning, and coordinate complementary and joint actions between INTOSAI and IDI.

Subcommittee 2 (developing advisory and consulting services) is working to develop a database of experts and investigators, encourage joint and coordinated or parallel auditing programs, and promote internships and visit programs.

Subcommittee 3 (promoting best practices and quality assurance through voluntary peer reviews) is working to assess and document existing peer reviews, foster an environment to share best practices, and prepare best practice guidelines.

Every third year, the CBC intends to survey SAI capacity-building to measure progress towards achieving the CBC's strategic goals and to identify and initiate new projects.

For more information, contact Dr. El Midaoui, First President of the Court of Accounts of the Kingdom of Morocco & Chairman of INTOSAI CBC at: ccomptes@courdescomptes.ma.

Subcommittee on Internal Control Standards

In February 2006, a task force of delegates from the Professional Standards Committee's Subcommittee on Internal Control Standards met in Brussels. The meeting focused on deliberations concerning the amplification and further elaboration of the updated Guidelines for Internal control Standards for the Public Sector that were approved at the 18th INCOSAI. The task force-which included members from the SAIs of Bangladesh, Belgium, France, Hungary, Lithuania, the Netherlands, Oman, Romania, Ukraine, the United Kingdom, and the United states – worked in two groups.

The groups presented the results of their discussions to the plenary task force, which agreed on a number of proposals that were sent to the full subcommittee for comment. The proposals are summarized below. Regarding elaborations of the guidelines, the task force proposed that a supplement to INTOSAI's Guidelines for Internal control Standards for the Public Sector be developed to explain the relationship between the guidelines and the Committee on Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Management (ERM) framework. A number of countries are moving toward risk management implementation based on the ERM model, and the task force agreed that by providing a high-level overview of the key features of the ERM model with links to the relevant detailed guidance, the supplement would help

both public management and SAIs understand and apply the ERM framework. The NAO will coordinate the activities related to this supplement.

Regarding amplification of the internal control guidelines, the task force believes it is absolutely essential that tools be developed to promote the implementation and audit of internal controls. With this aim in mind, the task force proposed that a working group survey all SAIs regarding the following:

- ❑ The status and context of internal controls in their countries' public sector;
- ❑ The internal controls in place (SAIs will be asked to submit one or two examples of tools available in their countries and identify initiatives to implement the guidelines), and
- ❑ The internal control tools needed.

The survey responses will be evaluated and used by the task force to develop an internal control “toolkit” for public managers and SAIs. GAO will develop the survey questions and evaluate the replies. The task force also proposed amending the brochure *Internal Control: Providing a Foundation for Accountability in Government* after the toolkit is developed.

In addition, the task force suggested surveying INTOSAI members on governance issues, including (1) the difficulty of reporting on the effectiveness of internal controls, (2) the involvement of independent members at board level, (3) audit committees, and (4) the role of internal audit. This information will be incorporated into a paper highlighting best practices. In the interim, the subcommittee is considering upgrading INTOSAI's Web site by adding links to other professional audit organization Web sites that currently address best practices.

The two surveys (internal control tools and governance) will be incorporated into one survey that the SAI of Belgium will send to all INTOSAI members.

It is likely that the supplement to the existing guidelines toolkit may be approved at the 19th INCOSAI. The subcommittee plans to complete the best practices paper on governance frameworks after the next INCOSAI.

For additional information, contact the subcommittee chair, the Senior President of the Belgian Court of Audit:

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(Extract from the IJGA April 2006)

A Report on the INTOSAI Performance Audit Subcommittee's First Meeting

-Dr. Paul Nicoli

SAI-Australia

Why did INTOSAI create the Subcommittee?

The creation of the Subcommittee had its origins in INTOSAI's Strategic Plan 2005-2010. The Strategic Plan proposed a review and restructure of the standards committees' arrangements. Consequently, INTOSAI's Professional Standards Committee established a new group called the Performance Audit Subcommittee, PAS, to ensure that there was a complete approach to addressing standards and guidelines. The latter completes INTOSAI's coverage of different kinds of audit, supplementing the work of two longer established committees, which are the Financial Audit Guidelines Subcommittee and the Compliance Audit Guidelines Subcommittee. The work of these two Subcommittees is relatively settled.

The Brazilian Court of Accounts is the Performance Audit Subcommittee's Chair. Each INTOSAI region has a representative. In addition, there are other Supreme Audit Institutions, SAIs, - with interests in performance audit - that nominated themselves. The Subcommittee's membership and their INTOSAI regional representation are as follows:

- Brazil (Chair – OLACEFS);
- Saudi Arabia (ARABOSAI);
- Guyana (CAROSAI);
- Australia (ASOSAI);
- Kiribati (SPASAI);
- The European Court of Auditors (EUROSAI);
- Canada;
- UK;
- France;
- Norway; and
- Sweden.

Some of the participants were unable to attend the first meeting.

What did the Subcommittee's first meeting recommend?

Subcommittee members considered terms of reference and a work plan. The Subcommittee will provide a copy of its proposed terms of reference

and work plan to the Professional Standards Committee for its approval. Afterwards, the Subcommittee will implement the work plan.

In considering what should be its terms of reference and work plan, Subcommittee members discussed the importance of confirming the purpose or purposes of the INTOSAI Subcommittee. There was much discussion about whether the Subcommittee's role was technical or developmental. If technical, then the Subcommittee would develop material such as guidelines. If developmental, then the Subcommittee could advise SAIs on how to introduce and strengthen performance auditing.

In light of this, the Subcommittee recommended that its mandate should be to:

- Promote the use of INTOSAI's Implementation Guidelines for Performance Audit among the INTOSAI community;
- Identify key needs among SAIs for additional guidance; and
- Work towards meeting the needs identified, based on evaluation of resources needed against the potential benefits.

The Subcommittee acknowledged that SAIs varied in their interest, skills and experience of performance auditing. Some SAIs had twenty years of performance auditing, while others did not conduct performance auditing. The reasons included an absence of a legal mandate, an absence of auditing techniques, inadequate resources, executive government opposition to performance auditing, and unknown legislative interest.

There were three broad categories of SAIs. These were:

- those with much performance auditing experience;
- those that conducted performance audits but with significant implementation problems; and
- those with no performance auditing experience.

The Subcommittee would consider the requirements of each of these groups, giving more priority to those SAIs with no or little experience of performance auditing, and which had difficulties in implementation. A possible future task is to invite SAIs to nominate to one of these categories.

Initially, the Subcommittee considered whether it should develop, or assist in developing, new performance audit standards. The Subcommittee determined not to pursue this option because of the time and resources necessary for developing them. Next, the Subcommittee

considered whether it should prepare new guidelines to supplement INTOSAI's Guidelines for Performance Audit. Those took INTOSAI two years to develop. In view of the Subcommittee's tenure of three years, Subcommittee members concluded that more immediate action would benefit INTOSAI members grappling with the introduction and use of performance audits. It would take less time and resources to prepare and issue guidance rather than guidelines. As a result, the Subcommittee resolved to concentrate on developing and disseminating guidance rather than guidelines. Guidance could be explanatory notes.

The Subcommittee resolved to be as practical as possible. It considered that developing practical advice to SAIs on the various aspects of performance auditing, such as planning, evidence gathering, assessing the sufficiency of evidence, and reporting, were areas where the Subcommittee considered that it could contribute.

The Subcommittee agreed that it would contact the Chairs and Secretaries of INTOSAI's regional organisations for information on their approaches to disseminating INTOSAI's Performance Audit Guidelines. Subcommittee members would then communicate what they learned from INTOSAI's regional organisations or associations to the Subcommittee Chair. It was clear that one significant issue was the extent to which the Subcommittee should work with INTOSAI's regional associations.

There are other INTOSAI activities relevant to the Performance Audit Subcommittee's work that the Subcommittee considered. These other activities include INTOSAI's:

- Professional Standards Committee; and
- The INTOSAI Development Initiative, IDI. This has a role in disseminating INTOSAI information and in training SAI personnel.

What are some of the key challenges for the Subcommittee in future in its work?

In its two-day first meeting, the Subcommittee made considerable progress through agreeing on proposed terms of reference and a proposed work plan. However, there was insufficient time to address some major matters that will affect it. The Subcommittee may consider these matters in future. Here we refer to three of those issues, which are:

- The dominance of regularity auditing;

- The SAI's legal status as an office or court with judicial powers. The potential problem in defining the Subcommittee's direction is the divergent roles of different SAIs; and
- Performance auditing to address corruption.

(This is a report on the first meeting of INTOSAI's Performance Audit Subcommittee. The Committee met in Brasilia on 8 - 9 August 2006. Dr Paul Nicoll was the ANAO's and ASOSAI's representative at the meeting.)

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ASOSAI News

ASOSAI-IDI-ADB Cooperation Programme

The Workshop on Audit of Revenue Agency was designed by an instructors' team comprising of six ASOSAI and EUROSAT Training Specialists. The workshop was delivered in Ulaanbaatar, Mongolia from July 24 to August 9, 2006 for 30 participants from SAIs of Azerbaijan, Kazakhstan, Kyrgyzstan and Mongolia, in cooperation with the INTOSAI Development Initiative (IDI) and Asian Development Bank (ADB). The Mongolian National Audit Office rendered administrative support to the workshop.

Earlier an instructors' team meeting was held in cooperation with the IDI and ADB, in Hanoi, Vietnam, from March 12 to 24, 2006, with administrative support of the Office of the State Audit of Vietnam. The course materials were developed in Russian based on the materials of the Regional Course No. 4 that had been delivered in July 2000 in Malaysia under the 1st Long Term Regional Training Program. The course materials were then further enhanced by the training specialists at their respective SAIs, and during a two-day pre-workshop meeting in Ulaanbaatar, Mongolia. The team's design work was assisted by Mr. Batbayar Badamdorj from the Mongolian National Audit Office, as a Subject Matter Expert (SME), provided by the IDI.



Participants at Mongolian Workshop

ASOSAI Workshop on “Audit of Procurement Process”.

ASOSAI Sponsored workshop on “Audit of Procurement Process” was hosted by SAI-Indonesia at their training centre from August 7 to 18, 2006. Thirty-one participants from 31 SAIs attended workshop. Being the host the Audit Board of Indonesia rendered administrative support to the workshop. The Subject Matter Expert (SME) was Mr. P.K. Kataria from SAI-India.

An instructors’ team meeting was held in cooperation with the IDI, in Thimphu, Bhutan, from May 1 to 14, 2006, with administrative support of the Royal Audit Authority of Bhutan. The course materials were developed based on a preliminary design that had been prepared by a group of training specialists during the IDI-ASOSAI Symposium organized and fully funded by the IDI in Bangkok, Thailand, from March 29 to April 3, 2004.



Participants of the ASOSAI workshop

Training Committee Meeting

The Committee was established in July 1995 at the 22nd Governing Board meeting to plan, review and report on ASOSAI training activities. Senior working-level representatives from Governing Board member SAIs represent in the Training Committee. This year the training committee meeting was held in Shanghai, China on 10 September 2006. Nineteen senior officers from 9 Governing Board member SAIs attended the meeting. The Committee discussed ASOSAI sponsored training activities, ADB-IDI-ASOSAI supported project, IDI supported training activities, ASOSAI Seminar for knowledge sharing, evaluation of training activities since 2002 and revision of Terms of references for ASOSSAI Training Committee.

36th Meeting of the Governing Board of ASOSAI

The 36th meeting of the Governing Board of ASOSAI was held in Shanghai, China on 11 September 2006. All the members of the Governing Board and Audit Committee attended the meeting. Chairman ASOSAI and Secretary General ASOSAI presented their reports on the activities of the ASOSAI since the last Governing Board meeting. The Board of Audit Japan, being the Administrator of

the ASOSAI Training Programmes, submitted the detailed report on the training activities carried out by ASOSAI and a brief on the future activities as well. Among other important and major decisions taken during the meeting included: revision of Terms of reference of ASOSAI Training Committee to reflect the nature of the proactive relationship between ASOSAI and its partners namely IDI & ADB, approval of ASOSAI Budget for the financial period 2006-08, approval of the draft guidelines of the 7th ASOSAI research project on “Audit Quality Management Systems”, appointment of SAI-Japan to the Governing Board on the basis of their overall professional contribution to ASOSAI .



Members of the 36th Governing Board

A report on the 10th ASOSAI Assembly

X ASOSAI Assembly was held in Shanghai, China from September 12-15, 2006. The venue of the Assembly was “Shanghai International Convention Centre” located in Pudong, New Area. It was attended by 155 delegates from 40 member SAIs and 9 observers including INTOSAI Secretary General, GAO-USA, IDI, AFROSAI Chairman, and NAO-UK

The opening ceremony was held on 12 September 2006 at Shanghai International Convention Centre. Mr. Li Jinhua, Auditor General of China delivered the opening address and read the message of the Premier Wen Jiabao. Besides this Mr. Guillermo Carague, Chairman ASOSAI, Dr. Josef Moser, Secretary General-

INTOSAI and a senior officer from Shanghai Municipal Government delivered their addresses.

The first plenary session was held in the afternoon of 12 September 2006. The Secretary General ASOSAI presented a report on the financial statement of ASOSAI for the financial years 2003-05, ASOSAI Strategic Plan, Journal and Website. SAI-Japan, being the administrator of the training programmes of ASOSAI, presented a report on the training activities. SAI-Saudi Arabia presented a report on the INTOSAI Finance and Administration Committee. Announcement was also made for the self-nominated candidates for the Governing Board and Audit Committee. In another significant move the Chairman ASOSAI, Mr. Guillermo N. Carague handed over the Chairmanship of ASOSAI to Mr. Li Jinhua, Auditor General of National Audit Office of Peoples' Republic of China and the host of the 10th ASOSAI Assembly.

The 3rd Symposium on "The Role of Audit in Promoting Government Accountability" was held on 13 September 2006. After the introductory remarks of Mr. Vijayendra N. Kaul, Secretary General-ASOSAI, Mr. Cheng Siwei, Vice Chairman of the Standing Committee of the 10th National Peoples' Congress of China, delivered the Key Note Address. Mr. Siwei in his address said that to improve Government accountability it was necessary to provide constructive role to audit institutions. On the one hand, audit institutions should examine government accountability through auditing and examination and on the other hand, they could help the Government to improve its work by providing their expertise. A special report on 'Implementing Accountability, Practical Measures: The Israeli Experience' was delivered by Justice Micha Lindenstrauss, State Comptroller & Ombudsman of Israel. The papers on the theme were presented by the Secretary General INTOSAI and SAIs of Malaysia, New Zealand, Pakistan and USA.

The second plenary session was held in the forenoon of 15 September 2006. The report on the 3rd Symposium on "The Role of Audit in Promoting Government Accountability" was presented to the Assembly along with other items on the agenda including the Budget for 2006-08. Elections were conducted to constitute the new Governing Board and Audit Committee. SAIs of Korea, Kuwait, Malaysia, Saudi Arabia and Turkey were elected to the Governing Board. SAIs of Jordan and Mongolia were elected to the Audit Committee.

37th Meeting of the Governing Board of ASOSAI.

The 37th meeting of the Governing Board of ASOSAI was held in the afternoon of 15 September 2006 at Shanghai, China. This was the first meeting of the newly constituted Board of ASOSAI consisting of SAI-China as the Chair, SAI-India as the Secretary General and SAIs of Japan, Korea, Kuwait, Malaysia, Pakistan, Saudi Arabia and Turkey. The Audit Committee members included SAIs of Jordan and Mongolia.



Members of the 37th Governing Board and Audit Committee

The Board decided that the 8th ASOSAI Research Project would be on “Environmental Auditing Guidelines”, which was the most popular choice of ASOSAI membership. The Governing Board agreed that the 38th meeting of the Governing Board of ASOSAI would be held in Kuwait in 2007.

7th ASOSAI Research Project

The 10th ASOSAI Assembly approved the draft guidelines on the 7th ASOSAI research project on “Audit Quality Management Systems”. The research team carried out a wide search of the best practices for audit quality management systems in SAIs, the private sector and the publications of professional institutes. Based on the research, the team identified policies, practices and guidance relating to the broad management processes that are present in SAIs. The guidelines describe the conceptual underpinnings of SAI audit methodologies and refer to various audit tools and guidance that exist. While the guidelines highlight the best practices on audit quality in various SAIs in a comprehensive manner, they do not include a complete description of auditing principles and audit processes and are by no means an exhaustive document on audit quality. They are an evolving document, which will need to be continuously upgraded in line with the environment and technological changes and as audit methodologies and practices and other management processes, which help audit and the audit institutions, develop.

The guidelines on the “Audit Quality Management Systems” is available on the ASOSAI website (www.asosai.org) and the hard copies would also be made available to the member SAIs of ASOSAI shortly.

JICA-sponsored Seminars

A 10-day seminar for 14 middle and senior-level managers from ASOSAI member SAIs is scheduled in Tokyo, Japan from 12-22 November 2006 on “Challenges to New Frontiers-How to Develop and Manage Human Resources for Dealing with Emerging Audit Issues”. This seminar is funded by Japan International Cooperation Agency (JICA), which will cover SAIs of member countries eligible for JICA assistance. The course announcement has been already made and it is available on the ASOSAI website (www.asosai.org) as well.

ASOSAI Seminar

As reported in the last journal a five-day seminar will be organized every alternate year for 30 middle or senior-level audit managers from member SAIs. This Seminar will be open to all ASOSAI members. The first such seminar will be hosted by SAI-India at their training facility “International Centre for Information System and Audit” from 12-16 February 2007. The topic of the seminar is “ How to Ensure Effectiveness of Audit Results”. The details of the course would be made available to all the member SAIs by Board of Audit Japan through course announcement shortly.

New Head of SAIs

Vietnam

Prof. Dr. Vuong Dinh Hue, formerly Deputy Auditor General of the State Audit Office of Vietnam, was elected by Vietnam National Assembly as Auditor General on 28 June 2006.

Before assuming his former position as Deputy Auditor General of the State Audit Office in July 2001, Mr. Hue was Vice Headmaster of Vietnam's University of Finance and Accounting from March 1999 to June 2001. At the same time, he worked as Vice Chairman of Vietnam Accounting and Auditing Association, Permanent Member of the Vietnam's National Council for Accountancy, etc.

Mr. Vuong Dinh Hue was born on 15 March 1957, and is married and has two children. He has a Bachelor degree in Finance and Accounting from University of Finance and Accounting (1978) and Doctorate degree in Economics from Bratislava University of Economics, Slovakia (1990). For his career, he has been awarded the title of professorship in 1996 and Eminent Teacher in 1998. He was also conferred by the State the Third level Labour Order in 2001 and the Second level Labour Order in 2004. Mr. Hue can speak English, Russian and Czech languages. For additional information, please contact: State Audit Office of Vietnam, email: vietnamsai@hn.vnn.vn, fax: +84-4-55644517, or visit website at www.kiemtoannn.gov.vn

Papua New Guinea



Mr George Wasi Sullimann has been appointed the third Auditor-General of Papua New Guinea effective as of February 2005.

Mr Sullimann has been a career officer in the SAI-PNG and holds a Masters degree in Business Administration from the University of North Queensland, Australia. He has served well over twenty two years with SAI-PNG in various senior positions.

Training Programmes in ASOSAI

Bangladesh

WORKSHOPS ON 'ACHIEVED AND NOT-ACHIEVED OF CAG OFFICE'

Sylhet (April 27, 2006)

A workshop on 'Achieved and not achieved of CAG office' was held in Sylhet on April 27, 2006 with CAG of Bangladesh presiding.

At the conclusion CAG desired that more personnel could be diverted to audit keeping one third for residual works; audit could be made more intensive by reducing the number of auditable units and increasing the number of audit team members; more emphasis on quality than quantity in raising audit objections; stressing more on modern auditing approach like value for money auditing; audit briefing should be made more intensive etc.

Tangail (May 22, 2006)

Another workshop on 'Achieved and Not Achieved' was organised by the office of CAG in Tangail, about 85 km away from Dhaka on May 22, 2006 with CAG presiding. CAG in his concluding remarks stressed that audit programmes should include a 3-5 days pre-audit survey of the auditee entity; review meeting at the audit directorate head quarter in between the audit works to assess the quality of auditing done by the audit team; meeting with Director General of the audit directorate by the audit teams before finalising the local audit reports etc.

Rangpur (June 17, 2006)

A similar workshop was held at Rangpur on June 17, 2006 with CAG presiding. CAG in his closing address stated that optimum utilisation of the manpower has to be ensured; female workforce should also be engaged in field auditing as a step towards women empowerment; ministry wise entity wide audit has to be introduced and check list of entity wide audit may be prepared etc.

Workshop On 'Interaction Between Auditor And Auditee Organisations For Improved Audit Environment'

A workshop on "Interaction between Auditor and Auditee Organisations for Improved Audit Environment" was held at the Dhaka Sheraton Hotel

on June 1, 2006 organised under the 'Modernisation of the Ministry of Water Resources' Financial Management Capability Project' funded by the Canadian International Development Agency. Three papers 'Prompt and effective disposal of audit objections of Bangladesh Water Development Board (BWDB)' by M. Shahad Chowdhury, Director General, Works Audit Directorate, 'Audit Experience in the field audit, streamlining the review of audit reply and the process of settlement of audit observations' by Mohammad Moslem Uddin, Director General, Foreign Aided Projects Audit Directorate, and 'A few appropriate recommendations for creating improved auditing environment by enhancing spirit of co-operation between the auditor and the auditee organisations' by A.K.M. Jashimuddin, FCMA, Project Director and Controller (Finance and Accounts), BWDB were presented at the workshop.

The valedictory session of the workshop was held in the presence of CAG, Mr. Asif Ali as chief guest and Syed Mohammad Zobaer, Secretary, Ministry of Water Resources and His Excellency Robert Beadle, Acting High Commissioner and Head of Development Co-operation, Canadian High Commission, Dhaka, Bangladesh as special guests.

CAG stressed on reciprocal enhancement of management and deliveries between the auditor and auditee organisation in order to make the interaction between the two meaningful and productive.

Bhutan

6th Indo-Bhutan Audit Training on "Audit of Public Utilities"

Based on the MoU signed between the Supreme Audit Institutions of India and Bhutan, the 6th Indo-Bhutan Audit Training on 'Audit of Public Utilities' was conducted at Thimphu, Bhutan from 19th – 23rd June 2006. According to SAI, Bhutan they chose this topic because this is an area where government spent large sums of money and it is an area which could make difference in the lives of the people. Even a small level of fraud and corruption in this area could have direct impact to the people, since they cater to the basic day today needs of the public.

Mr. Ashwini Attri, Accountant General (Audit), Haryana and Mr. A.K Mishra, Sr. Deputy Accountant General, Meghalaya were the resource persons for the training. 30 senior level auditors including 3 internal auditors from Bhutan attended the training on 'Audit of Public Utilities'.



Participants with the Chief Guest for the Opening Ceremony, H.E Shri Sudhir Vyas, the Ambassador of India to Bhutan, Dasho Ugen Chewang, the Auditor General of Bhutan and other guests

During June-July 2006, the SAI, Bhutan also organized in-house training on IT Audit and Performance Audit. The trainings were imparted by using in-house resource persons. During the same period, the SAI, Bhutan also drafted 12 Audit Manuals on Audit of Public Utilities, Certification Audit, Forestry Audit, Armed Forces Audit, Dzongkhags Audit, Municipal Audit, Construction Audit, Revenue Audit, IT Audit, Schools Audit, Hospital Audit and Procurement Audit. The manuals are still in draft form and are being reviewed by a Committee comprising of the Deputy Auditor general and Asstt. Auditor Generals.

India

SAI-India has been organising International Training Programmes since 1979 and has contributed to professional capacity building in SAIs all over the world. So far 72 International Training Programmes have been organised.

Out of the Five International Training Programmes slated for the financial year 2006-07, the first programme on “Audit of Public Enterprises & Disinvestment Issues” was held from August 7 to September 6, 2006. Another training programme on “Audit in IT

Environment” with 35 Participants from 26 SAIs was held from 18 September to 17 October 2006.



Participants of the 74th International Training Programme

The remaining international training programmes for the year 2006-07 are as follows:

S.NO.	Name of the Course	Period
III	Performance Audit	November 20 to December 19, 2006
IV	Environment Audit	January 8 to February 07, 2007
V	Audit of Energy Sector	February 26 to March 27, 2007

United Arab Emirates

ARABOSAI workshop on IT Audit

The SAI of United Arab Emirates hosted the above-mentioned Workshop from 27 May to 14 June 2006. The Workshop was held in connection with the IDI capacity building program in the field of IT Auditing. The Workshop was executed in Dubai in coordination with Dubai Financial Audit Dept., where Dubai Electricity & Water Authority, which is well known for its advanced IT infrastructure & management, was selected to perform the two phases of the Workshop i.e. phase 1 the theoretical phase titled: I T Audit & Training Techniques, which was performed using the I T Audit Program (COBIT); in the second phase the six participants who came from four Arab SAIs i.e. U.A.E., Yemen, Tunisia & Oman carried out a practical audit on Dhahi E & W Authority Receipts applying the knowledge gained during the Workshop.

Developments in Member SAIs

Australia

➤ Financial Statement Methodology

Dr. Darren Box
SAI-Australia

During the 2005-06 financial year the Australian National Audit Office (ANAO) piloted a new audit methodology and technology on five financial statement audits. This methodology and technology will be released to all financial statement audit teams for use during the 2006-07 financial years. The audit methodology adopted by the ANAO is called “Audit assist” and the technology is called Teammate.

“Audit assist” is a risk based audit methodology developed by Price Waterhouse Coopers and tailored by the ANAO to meet the needs of ANAO staff and clients. “Audit assist” provides financial statement audit teams with a structured audit methodology to meet the requirements of the Australian Auditing Standards and to form an appropriate audit opinion.

The “Audit assist” methodology is supported by the audit management system, Teammate, which is an electronic audit file where audit teams document their work performed against the audit methodology and where their electronic working papers and audit evidence are stored

Bangladesh

➤ New CAG Building Inaugurated

The newly constructed building of the Office of the Comptroller and Auditor General of Bangladesh called ‘Audit Bhaban’ was inaugurated on August 29, 2006 at 77/7 Kakrail, Dhaka by Finance and Planning Minister Mr. M. Saifur Rahman, MP. A dream fulfilled after 35 years of independence, the new building will go a long way in enhancing the capacity of the office. CAG Mr. Asif Ali presided over the ceremony which was also addressed by Finance Secretary Siddiquir Rahman Choudhury.

➤ CAG Visits State Audit Bureau of Kuwait (7-9 May, 2006)

CAG Mr. Asif Ali visited Kuwait from 7-9 May, 2006 at the invitation of His Excellency Mr. Barrakh Khaled Al-Marzouq, President, State Audit Bureau (SAB) of Kuwait.

CAG called on SAB President Mr. Marzouq on May 8, 2006 at his office and discussed matters related to mutual cooperation between the two Supreme Audit Institutions particularly in the areas of capacity enhancement, training and information technology in the spirit of INTOSAI and ASOSAI.

CAG called on His Highness Sheikh Nasseer Al Mohammad Al Ahmed Al Sabah, the Prime Minister of Kuwait and also on his Excellency Misahri Anzeri, Acting Chairman of the National Assembly of Kuwait

Cambodia

➤ The National Audit Authority (NAA) of Cambodia is among the youngest Supreme Audit Institutions in the world and also young in terms of external audit experience.

However, NAA has a long list of achievements with the start-up support of the Asian Development Bank in setting up NAA as well as ongoing technical support of the World Bank and the German Technical Cooperation (GTZ).

Currently, in cooperation with the World Bank and the GTZ, NAA is in the process of developing its Five Year Strategic Development Plan in order to address and resolve current barriers and to bring about significant changes in the NAA's operations and effectiveness.

➤ The following training programmes/workshops have been organised during the year 2006.

NO.	Subject	Date	Organised by
1	Training on Auditing on IT Environment	Jan. 17, 2006	NAA
2	Training on General Chart of Account of the National Treasury	Jan. 19-31, 2006	NAA
3	Training on National Budget Formulation Process	Feb. 1-2, 2006	NAA
4	Training on Budget Operations	Feb. 3-6, 2006	NAA
5	Training for 70 newly recruited auditors on:	Jan. 23 - Feb 9, 2006	NAA

NO.	Subject	Date	Organised by
	- General Knowledge of Laws of Government and the Audit Law		
	- Organizational Structure of the National Audit Authority		
	- Audit Theory		
	- Public Sector Auditing		
	- Usage of Computer Network		
	- External Audit, Internal Audit, and Lima Declaration		
6	Training on District/Commune's Operations	May 2-5, 2006	NAA
7	Workshop on External Control of Public Finance in the Canton of Bern, Switzerland	Mar.14-16, 2006	NAA and GTZ
8	Workshop on Audit of Construction Project	Mar. 20-22, 2006	NAA and GTZ
9	Training on Audit on Financial Institution and Public Enterprises	Aug. 8,9,15,16,21, 22, and 23; 2006	NAA and GTZ

- NAA will host the second pre-workshop instructors' meeting under the ADB-IDI-ASOSAI cooperation programme from November 26 to December 9, 2006 in Phnom Penh, Cambodia.

E-mail address SAI: naakh@naa.gov.kh

Kuwait

- To enhance cooperation between State Audit Bureau of Kuwait (SAB) and the other SAIs, visits were arranged with other ASOSAI members:
- The Presidents of the Account Chamber of the Kyrgyzstan Republic and Azerbaijan Republic visited SAB from 4-8 March 2006 to know about the Kuwaiti experience in audit and the relation between SAB and the legislative authority, and discuss the fields of cooperation between the SAIs through signing up cooperation agreements.



SAB President with the Presidents of SAIs of Azerbaijan & Kyrgyzstan

- The Comptroller and Auditor General of Bangladesh visited SAB from 7-9 May 2006 to discuss various areas of cooperation between both SAIs.



- An official delegation headed by President of SAB visited Yemen from 6-10 April to know about the Yemeni experience in the field of audit activity and to enhance cooperation between both SAIs.

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- An official delegation headed by SAB president visited Oman from 10-18/4/2006 to enhance cooperation between both SAIs.
- SAB president was granted the 2006 annual prize " Executive Character" in government sector, which was organized by the Middle East Honor Prize Institute during the festival held in the UAE on 22/3/2006.
- SAB president was granted an honourable fellowship certificate from the "Modern Accounting Concept Society" during the ceremony held in Egypt on 16 May 2006.
- The seventh research competition resumed to all SAB sectors including four topics:
 - SAB role in assuring to extend the government service projects to achieve their desired goals.
 - SAB role in auditing the State real estate property.
 - SAB role in controlling Kuwait Stock Market and the impact on the State economy focusing on stock exchange to support trust in financial market and compare with other stock markets and the degree they are subject to SAI control.
 - The subject of group research is: "SAB authority to audit B.O.T projects or the companies granted Franchising".

These researches are going to be arbitrated by a specialized committee to decide winners.

Malaysia

➤ Visit by Delegation from the National Audit Authority (NAA) of Cambodia

The National Audit Department of Malaysia (NAD) received a visit by 2 delegates from the National Audit Authority (NAA) of Cambodia from 5 to 6 June 2006. The visit was headed by the Secretary General of NAA of Cambodia, Mr. Chan Tani. The delegates made a courtesy call to the Auditor-General of Malaysia,

Tan Sri Dato' Setia Ambrin bin Buang in his office. During the visit, the delegates were briefed on the roles and responsibilities of the NAD and also the implementation of IT Audit in NAD. The delegates also visited the National Audit Academy and were briefed by Mr. Abdul Wahab bin Ahmad, Director of the National Audit Academy on NAD training programmes and implementation.



The NAA delegates having discussion with the Auditor-General of Malaysia

➤ **Former Auditor-General of Malaysia Passed Away**

Tan Sri Ahmad Noordin Zakaria, the former Auditor-General of Malaysia (1976 – 1986) passed away on Wednesday, 14 June 2006 due to lung infection. He was born on 18 February 1921. Tan Sri Ahmad Noordin was actively involved in ASOSAI (Asian Organisation of Supreme Audit Institutions) during his service as the Auditor-General of Malaysia. He served as the Secretary General of ASOSAI for 6 years beginning 1981 – 1986.



➤ **MS ISO 9001:2000 Certificate**

The National Audit Department (NAD) of Malaysia has been awarded the MS ISO 9001:2000 Certification for the Financial Audit of the Federal Government and Federal Statutory Bodies on 8 June 2006. The certificate was given to the Auditor-General of Malaysia, Tan Sri Dato' Setia Ambrin bin Buang by the Director General of Malaysian Administrative Modernisation and Management Planning Unit (MAMPU). The certification marks the quality assurance to the auditees and stakeholders on the financial audit carried out by the NAD. The NAD is now in the final stage of obtaining the MS ISO 9001:2000 certification for the Financial Statements of State Government, State Statutory Bodies, State Local Authorities and Islamic Religious Council.



The Auditor-General of Malaysia, Tan Sri Dato' Setia Hj. Ambrin bin Buang receiving the MS ISO 9001:2000 certificate from the Director-General of MAMPU

➤ **Visit by Delegation from the National Audit Office of the People's Republic of China (CNAO)**

A 6 member delegation from China National Audit Office visited our office on 5 July 2006. The delegation was headed by Mr. Linghu An, First Deputy Auditor General of CNAO. The delegation was briefed on the role and responsibilities of the Auditor-General of Malaysia and followed by a discussion on the audit approach and implementation with regard to performance audit in both countries. Both CNAO and the NAD re-affirmed their commitments to enhance bilateral co-operation particularly on capacity building

programmes. The delegates also visit the National Audit Academy and were briefed on the Academy's function.



Delegates together with the Auditor-General of Malaysia, Tan Sri Dato' Setia Hj. Ambrin bin Buang and the NAD officials

➤ **Courtesy Visit by the Austrian Ambassador to Malaysia**

His Excellency the Austrian Ambassador to Malaysia Dr. Donatus Koeck paid a visit to the Auditor-General of Malaysia, Tan Sri Dato' Setia Ambrin bin Buang on 24 July 2006.



The Auditor-General of Malaysia with H.E Austrian Ambassador to Malaysia

➤ **Visit by Delegation from the Public Enterprises Portfolio Committee of the South African Parliament**

A delegation from the Public Enterprises Portfolio Committee of the South African Parliament visited our office on 8 August 2006. The visit was headed by The Honorable Mr. Yunus Carrim, Chairperson of the Committee. The purpose of the visit was to discuss on the roles and responsibilities of the NAD in the audit of Government Link Companies and State Owned Enterprises. The delegation was also briefed on the roles and responsibilities of the office in enhancing government accountability.



Delegates together with the Deputy Auditor-General of Malaysia, Dato' Azizah bt. Hj. Arshad and the NAD officials

Papua New Guinea

➤ **SPASAI CONGRESS 2006**

SAI PNG will host the 2006 SPASAI Congress in September 2007. At the Congress held in Saipan NWI in May 22-26 May 2006 the membership resolved that SAI-PNG be given the opportunity to organize and host this regional body congress. Twenty-two Auditor-Generals in the

Pacific/Australasia region will be expected to attend. Invitations will also be extended to INTOSAI for representation.

➤ Under the bilateral support facility between the Government of Papua New Guinea and Australia, entitled Enhanced Cooperation Programme, an experienced auditor from the Australian National Audit Office has joined this organization for a three-year duration.

Saudi Arabia

International engagements

- INTOSAI Finance and Administration Committee Meeting:

H.E. Mr. Osama Jafar Faquih the President of General Auditing Bureau of Saudi Arabia & Chairman of INTOSAI Finance and Administration Committee chaired the 3rd Meeting of the Committee that was held in Riyadh, Saudi Arabia during the period from 21 to 22 of February 2006. The heads of SAI's of the United States of America, Austria, Norway, India, Korea, and Venezuela attended the meeting. The discussions of the agenda items resulted in the following decisions and recommendations:

The Committee agreed to implement the suggested general framework to establish a level of cooperation and association with the international and regional funding institutions without adversely exposing the independence of SAI's:

b. The Committee recommended the INTOSAI internal and international communications should be enhanced with the related international and regional organizations. This should serve the purpose of familiarizing the activities and role of the organization and enhancing the core values of SAIs: Reliability, Transparency, and Good Governance.

c. The committee reviewed the study prepared by SAI of India on collaboration tool. Keeping in view the cost of the project the Committee recommended that SAI India survey the chairs of INTOSAI entities.

d. The Committee approved a number of criteria and standards for possible associate members of non-governmental organizations. The committee agreed on the criteria of accepting associate members: It should be an international organization that operate on a global scale; such organizations must be directly or indirectly involved in accountability, transparency, governance, and anti-corruption; and they must be governmental or non-profit or not-for –profit organizations. The

SAI of the United States of America developed a list of potential associate members for discussion by the Board.

e. The Committee discussed an initial study of the INTOSAI Dues Structure to meet the increasing demands of the INTOSAI budget and requests of training programs and capacity taking into consideration the least fortunate SAI's. The recommendations of the Committee will be presented to the governing Board in its next meeting.

f. The Secretary General of INTOSAI discussed the financial condition of INTOSAI. He highlighted on the implementation of recommendations of the Finance and Administration Committee relating to the reduction of budget deficit and activation of the mechanism of collecting membership dues from members.

g. Mr. David Walker, Comptroller General of the United States of America reported on the results of the meetings he and Chairman of the Capacity Building Committee, had with heads of major donors (the World bank, IMF, Inter American Development Bank and USAID).

h. The committee discussed the report prepared by the SAI of Norway that INTOSAI publications should remain free of charge. The committee was in full agreement with this conclusion. The committee pointed out that perhaps the issue could be revisited at some point in the future in that the Board might want to consider charging non-members for hard copies of INTOSAI publications.

i. The committee discussed the issue of performance indicators in connection with the strategic plan, noting that as an accountability organization it is important for INTOSAI to measure and report on its progress.

➤ H.E. Mr. Osama Jafar Faquih the President of General Auditing Bureau of Saudi Arabia paid an official visit to the Islamic Republic of Pakistan at an invitation from the SAI of Pakistan during the period from April 3-4, 2006. During the visit, discussions took place to broaden the cooperation between the two SAIs in fighting corruption. H.E. Mr. Faquih visited the office of the Comptroller General of Pakistan and they discussed the cooperation between the two SAI in the field of training and exchanging experts.

➤ GAB participated in the Forth meeting of the Deputies of the SAIs' Heads in the Arabian gulf region. The meeting was held in Riyadh in the month of December 2005. GAB was entrusted with the subject of Environmental audit and to submit the result of the study to the

Secretariat General of the Council to be discussed in the meeting of the GCC Heads.

➤ GAB participated in the 13th Meeting of the Training and Development Committee for workers in the SAIs of Gulf Countries in its meeting in February 2006. GAB expressed its interest to host the training program “Audit of Privatization”, which will be introduced by the graduates of the training program “Designing and Developing Training courses and Training Techniques”. This training program was held to enhance the experience of the graduates according to the IDI standards.

➤ GAB participated in the meetings of the INTOSAI Capacity Building Committee, which was held in London on March 2006 and INTOSAI Subcommittee for SAI Independence, which was held in March 2006 in Lisbon, Portugal.

➤ GAB participated in the 4th meeting of Working Group formed to study the Audit Principals for GCC SAI's. The meeting was held in Muscat, Oman on March, 2006. it was agreed in this meeting that the final draft of the project is to be submitted to the next meeting of the Deputies of the GCC SAI Heads.

Internal Activities

➤ H.E. Mr. Osama Jafar Faquih headed the 6th Annual Meeting of Departments' Heads in GAB on April 10, 2006. A number of topics concerning audit work in GAB were discussed in this meeting. The meeting ended with the following recommendations:

- Applying GAB strategy to broaden the application of EDP audit.
- Strengthening the cooperation with e-government committee and focusing on fulfilling the requirements of EDP audit.
- Developing the Information Centre and strengthening the security of the information center.
- Strengthening the infrastructure of the center and supplying it with hardware and developing programs specialized in financial audit according to the security demands of the center.
- Organizing training courses in EDP audit and computer for GAB auditors provided by EDP specialists or specialized training institutions in this field.
- Encouraging GAB's employees to participate in editing and translating financial audit articles by providing them with incentives.

➤ The president of General Auditing Bureau of Saudi Arabia opened the 3rd Symposium “Ways and Means of Enhanced cooperation toward

Comprehensive Audit and Performance Audit”. The symposium was held on the period from 11-12 April 2006 in the Institute of Public Administration in Riyadh and attended by top officials of the finance departments in Public Sector, Companies and Corporations. The Symposium concentrated on two key issues:

- Comprehensive perspective of Performance Audit.
- Environmental Audit.

➤ **Internal Training Programs:**

The first stage of the internal training program for the year 2006 was executed. The program included several training courses specialized in audit field such as; detecting fraud and corruption, environmental audit, preparing work papers, statistical specimen, and EDP audit. In addition a group of GAB employees were trained on using TeamMate program.

A brief on the INTOSAI Guidelines for the Internal Control Standards for the Public Sector

1.1 Definition

Internal control is an integral process that is affected by an entity's management and personnel and is designed to address risks and to provide reasonable assurance that in pursuit of the entity's mission, the following general objectives are being achieved:

- executing orderly, ethical, economical, efficient and effective operations;
- fulfilling accountability obligations;
- complying with applicable laws and regulations;
- safeguarding resources against loss, misuse and damage.

Management and personnel at all levels have to be involved in this process to address risks and to provide reasonable assurance of the achievement of the entity's mission and general objectives.

1.2 Limitations on Internal Control Effectiveness

Internal control cannot by itself ensure the achievement of the general objectives defined earlier. An effective internal control system, no matter how well conceived and operated, can provide only reasonable – not absolute – assurance to management about the achievement of an entity's objectives or its survival. An effective system of internal control reduces the probability of not achieving the objectives. Because internal control depends on the human factor, it is subject to flaws in design, errors of judgment or interpretation, misunderstanding, carelessness, fatigue, distraction, collusion, abuse or override. The design of an internal control system faces resource constraints. The benefits of controls must consequently be considered in relation to their costs. The management needs to continually review and update controls, communicate changes to personnel and set an example by adhering to those controls.

2 Components of Internal Control

Internal control consists of five interrelated components:

- control environment
- risk assessment
- control activities

- information & communication
- monitoring.

2.1 Control Environment

The control environment sets the tone of an organization, influencing the control consciousness of its staff. It is the foundation for all other components of internal control, providing discipline and structure.

Elements of the control environment are:

- (1) *the personal and professional integrity and ethical values of management and staff, including a supportive attitude toward internal control at all times throughout the organization*

Every person involved in the organisation—among managers and employees—has to maintain and demonstrate personal and professional integrity and ethical values and has to comply with the applicable codes of conduct at all times. Public organizations have to maintain and demonstrate integrity and ethical values, and they should make those visible to the public in their mission and core values.

- (2) *Commitment to competence*

Managers and employees are to maintain a level of competence that allows them to understand the importance of developing, implementing, and maintaining good internal control and to perform their duties in order to accomplish the general internal control objectives and the entity's mission. Managers and their staffs must therefore maintain and demonstrate a level of skill necessary to assess risk and help ensure effective and efficient performance, and an understanding of internal control sufficient to effectively discharge their responsibilities.

- (3) *The “tone at the top” (i.e. management’s philosophy and operating style)*

The “tone at the top” reflects – a supportive attitude toward internal control at all times, independence, competence and leading by example ; a code of conduct set out by management, and counseling and performance appraisals that support the internal control objectives and in particular, that of ethical operations. If top management believes that internal control is important, others in the organisation will sense that and will respond by conscientiously observing the controls established.

(4) *Organisational structure*

The organisational structure of an entity provides: assignment of authority and responsibility; empowerment and accountability; appropriate lines of reporting. The organisational structure defines the entity's key areas of authority and responsibility. Empowerment and accountability relate to the manner in which this authority and responsibility are delegated throughout the organisation. There can be no empowerment or accountability without a form of reporting. Therefore, appropriate lines of reporting need to be defined

(5) *Human resource policies and practices.*

Human resource policies and practices include hiring and staffing, orientation, training (formal and on-the-job) and education, evaluating and counselling, promoting and compensating, and remedial actions. An important aspect of internal control is personnel. Competent, trustworthy personnel are necessary to provide effective control. Therefore, the methods by which persons are hired, trained, evaluated, compensated, and promoted, are an important part of the control environment. Managers and employees who have a good understanding of internal control and are willing to take responsibility, are vital to effective internal control. Human resource management promotes an ethical environment by developing professionalism and enforcing transparency in daily practice. This becomes visible in recruitment, performance appraisal and promotion processes.

2.2 Risk Assessment

Risk assessment is the process of identifying and analysing relevant risks to the achievement of the entity's objectives and determining the appropriate response.

It implies:

- (1) *Risk identification: related to the objectives of the entity; comprehensive; includes risks due to external and internal factors, at both the entity and the activity levels*

A strategic approach to risk assessment depends on identifying risks against key organisational objectives. Risks relevant to those objectives are then considered and evaluated, resulting in a small number of key risks. This is also important to allocate responsibility for management of these risks. The risk assessment should consider all risks that might occur (including the risk of fraud and corruption). It is therefore important that risk identification is comprehensive. Risk identification should be an ongoing, iterative process and is often integrated with the

planning process. It is often useful to consider risk from a 'clean sheet of paper' approach, and not merely relate it to the previous review. It is necessary to adopt appropriate tools for the identification of risk. Two of the most commonly used tools are commissioning a risk review and a risk self assessment

(2) *Risk evaluation: estimating the significance of a risk; assessing the likelihood of the risk occurrence*

In order to decide how to handle risk, it is essential not only to identify in principle that a certain type of risk exists, but also to evaluate its significance and assess the likelihood of the risk event occurring. The methodology for analysing risks can vary, largely because many risks are difficult to quantify (e.g. reputation risks) while others lend themselves to a numerical diagnosis (particularly financial risks). For the former, a much more subjective view is the only possibility. In this sense, risk evaluation is more of an art than a science. However, the use of systematic risk rating criteria will mitigate the subjectivity of the process by providing a framework for judgments to be made in a consistent manner. One of the key purposes of risk evaluation is to inform management about areas of risk where action needs to be taken and their relative priority. Therefore, it will usually be necessary to develop some framework for categorizing all risks, for example, as high, medium, or low.

(3) *Assessment of the risk appetite of the organization*

Risk appetite is the amount of risk to which the entity is prepared to be exposed before it judges action to be necessary. Both inherent and residual risks need to be considered to determine the risk appetite. The risk appetite of an organisation will vary according to the perceived importance of the risks. For example, tolerable financial loss may vary in accordance with a range of features, including the size of the relevant budget, the source of the loss, or associated other risks such as adverse publicity. Identification of risk appetite is a subjective issue, but it is nevertheless an important stage in formulating the overall risk strategy.

(4) *Development of responses: four types of responses to risk must be considered: transfer, tolerance, treatment or termination; of these, risk treatment is the most relevant to these guidelines because effective internal control is the major mechanism to treat risk; the appropriate controls involved can be either detective or preventive.*

The result of the actions outlined above will be a risk profile for the organisation. Having developed a risk profile, the organisation can then consider an appropriate response. In some instances the risk can be

transferred, tolerated or terminated. However in most cases the risk will have to be treated and the entity will need to implement and maintain an effective internal control system to keep risk at an acceptable level. The procedures that an organisation establishes to treat risk are called internal control activities. In designing an internal control system, it is important that the control activity established is proportionate to the risk. Apart from the most extreme undesirable outcome, it is normally sufficient to design a control that provides a reasonable assurance of confining loss within the risk appetite of the organisation. Every control has an associated cost and the control activity must offer value for its cost in relation to the risk that it is addressing.

As governmental, economic, industry, regulatory and operating conditions are in constant change, risk assessment should be an ongoing iterative process. It implies identifying and analysing altered conditions and opportunities and risks (risk assessment cycle) and modifying internal control to address changing risk.

2.3 Control Activities

Control activities are the policies and procedures established to address risks and to achieve the entity's objectives.

To be effective, control activities need to be appropriate (that is, the right control in the right place and commensurate risks involved); function consistently according to plan throughout the period (that is, be complied with carefully by all employees involved and not bypassed when key personnel are away or the workload is heavy); be cost effective, comprehensive, reasonable and directly relate to the control objectives.

Control activities include a range of detective and preventive control activities as diverse, for example, as:

(1) Authorization and approval procedures

Authorization is the principal means of ensuring that only valid transactions and events are initiated as intended by management. Authorization procedures, which should be documented and clearly communicated to managers and employees, should include the specific conditions and terms under which authorizations are to be made.

(2) Segregation of duties (authorizing, processing, recording, reviewing

To reduce the risk of error, waste, or wrongful acts and the risk of not detecting such problems, no single individual or team should control all key stages of a transaction or event. Duties and responsibilities should

be assigned systematically to a number of individuals to ensure that effective checks and balances exist. Key duties include authorizing and recording transactions, processing, and reviewing or auditing transactions. Rotation of employees may help ensure that one person does not deal with all the key aspects of transactions or events for an undue length of time.

(3) Controls over access to resources and records

Access to resources and records is limited to authorized individuals who are accountable for the custody and/or use of the resources. Accountability for custody is evidenced by the existence of receipts, inventories, or other records assigning custody and recording the transfer of custody. Restricting access to resources reduces the risk of unauthorized use or loss to the government and helps achieve management directives. When determining an asset's vulnerability, its cost, portability and exchangeability should be considered.

(4) Verifications

Transactions and significant events are verified before and after processing, e.g. when goods are delivered, the number of goods supplied is verified with the number of goods ordered. Afterwards, the number of goods invoiced is verified with the number of goods received. The inventory is verified as well by performing stock-takes.

(5) Reconciliations

Records are reconciled with the appropriate documents on a regular basis, e.g. the accounting records relating to bank accounts are reconciled with the corresponding bank statements

(6) Reviews of operating performance

Operating performance is reviewed against a set of standards on a regular basis, assessing effectiveness and efficiency.

(7) Reviews of operations, processes and activities

Operations, processes and activities should be periodically reviewed to ensure that they are in compliance with current regulations, policies, procedures, or other requirements.

(8) Supervision (assigning, reviewing and approving, guidance and training).

Competent supervision helps to ensure that internal control objectives are achieved. Assigning, reviewing, and approving an employee's work encompasses: clearly communicating the duties, responsibilities and accountability assigned to each staff member; systematically reviewing each member's work to the extent necessary; and approving work at critical points to ensure that it flows as intended.

Entities should reach an adequate balance between detective and preventive control activities. Corrective actions are a necessary complement to control activities in order to achieve the objectives.

2.3.1 Information Technology Control Activities

Information systems imply specific types of control activities. Therefore information technology controls consist of two broad groupings: (1) General controls and (2) application controls

(1) General Controls

General controls are the structure, policies and procedures that apply to all or a large segment of an entity's information systems - such as mainframe, minicomputer, network, and end-user environments - and help ensure their proper operation. They create the environment in which application systems and controls operate. The major categories of general controls are: (i) entity wide security program planning and management (ii) access controls (iii) Controls on the development, maintenance and change of application software (iv) System software controls (v) Segregation of duties and (6) Service continuity

(2) Application Controls

Application controls are the structure, policies, and procedures that apply to separate, individual application systems - such as accounts payable, inventory, payroll, grants, or loans - and are designed to cover the processing of data within specific applications software. These controls are generally designed to prevent, detect, and correct errors and irregularities as information flows through information systems. Application controls and the manner in which information flows through information systems can be categorized into three phases of a processing cycle: input, processing and output.

General and application controls over computer systems are interrelated and both are needed to help ensure complete and accurate information

processing. The effectiveness of general controls is a significant factor in determining the effectiveness of application controls. While the basic objectives of control do not change, rapid changes in information technology require that controls evolve to remain effective.

2.4 Information and Communication

Information and communication are essential to realising all internal control objectives.

Information is needed at all levels of the organization in order to have effective internal control and achieve the entity's objective. The information should be appropriate, timely, current, accurate, and accessible. A precondition for reliable and relevant information is the prompt recording and proper classification of transactions and events. Pertinent information should be identified, captured and communicated in a form and timeframe that enables staff to carry out their internal control and other responsibilities (timely communication to the right people). Therefore, the internal control system as such and all transactions and significant events should be fully documented.

Effective communication should flow down, across, and up the organisation, throughout all components and the entire structure. All personnel should receive a clear message from top management that control responsibilities should be taken seriously. One of the most critical communications channels is between the staff and the management. Communication should raise the awareness about the importance of internal control, communicate the entity's risk appetite and risk tolerances and make the personnel aware of their own role in the internal control system, as well as how their individual activities relate to the work of others. There also needs to be effective communication with external parties.

2.5 Monitoring

Monitoring internal control is aimed at ensuring that controls are operating as intended and that they are modified appropriately for changes in conditions. This is accomplished through ongoing monitoring activities, separate evaluations or a combination of both.

Ongoing monitoring of internal control is built into the normal, recurring operating activities of an entity. It includes regular management and supervisory activities, and other actions personnel take in performing their duties. Ongoing monitoring activities cover each of the internal control components and involve action against irregular, unethical, uneconomical, inefficient and ineffective internal control systems.

The scope and frequency of separate evaluations will depend primarily on an assessment of risks and the effectiveness of ongoing monitoring procedures. Specific separate evaluations cover the evaluation of the effectiveness of the internal control system and ensure that internal control achieves the desired results based on predefined methods and procedures. Internal control deficiencies should be reported to the appropriate level of management.

All deficiencies found during monitoring should be communicated to those positioned to take necessary action. Deficiency may present a perceived, potential or real shortcoming or an opportunity to strengthen internal control. Monitoring should ensure that audit findings and recommendations are adequately and promptly resolved.

3 Roles and Responsibilities

Everyone in an organisation has some responsibility for internal control.

Managers are directly responsible for all activities of an organisation, including designing, implementing, supervising proper functioning of, maintaining and documenting the internal control system. Their responsibilities vary depending on their function in the organisation and the organisation's characteristics.

Internal auditors examine and contribute to the ongoing effectiveness of the internal control system through their evaluations and recommendations and therefore play a significant role in effective internal control. However they do not have management's primary responsibility for designing, implementing, maintaining and documenting internal control.

Staff members contribute to internal control as well. Internal control is an explicit or implicit part of everyone's duties. All staff members play a role in effecting control and should be responsible for reporting problems of operations, non-compliance with the code of conduct, or violations of policy.

External parties also play an important role in the internal control process. They may contribute to achieving the organisation's objectives, or may provide information useful to effect internal control. However, they are not responsible for the design, implementation, proper functioning, maintenance or documentation of the organisation's internal control system.

Supreme Audit Institutions (SAIs) encourage and support the establishment of effective internal control in the government. The assessment of internal control is essential to the SAI's compliance, financial and performance audits. They communicate their findings and recommendations to interested stakeholders. Auditors' assessment of internal control implies determining the significance and the sensitivity of the risk for which controls are being assessed; assessing the susceptibility to misuse of resources, failure to attain objectives regarding ethics, economy, efficiency and effectively, or failure to fulfill accountability obligations, and non-compliance with laws and regulations; identifying and understanding the relevant controls; determining what is already known about control effectiveness; assessing the adequacy of the control design; determining, through testing, if controls are effective; reporting on the internal control assessments and discussing the necessary corrective actions.

The SAI also needs to develop a good working relationship with the internal audit units so that experience and knowledge can be shared and work mutually can be supplemented and complemented. The SAI should develop procedures for assessing the internal audit unit's work to determine to what extent it can be relied upon. A strong internal audit unit could reduce the audit work of the SAI and avoid needless duplication of work. In countries where internal audit lacks independence, is weak or non-existent, the SAI should, whenever possible offer guidance and assistance. SAIs should also play a leadership role for the rest of the public sector by establishing their own organisation's internal control framework in a manner consistent with the principles set out in this guideline.

External auditors audit certain government organisations in some countries. They and their professional bodies should provide advice and recommendations on internal control.

Legislators and regulators establish rules and directives regarding internal regulators control. They should contribute to a common understanding of internal control.

Other parties interact with the organisation (beneficiaries, suppliers, etc.) and provide information regarding achievement of its objectives.



Articles

Issues on improvement of state financial control in the Republic of Azerbaijan

-Rasim Hasanov

SAI-Azerbaijan

Fundamental reforms are being carried out for the reconstruction of the economy in the Republic of Azerbaijan, after regaining of state independence in 1991. The essential direction of these reforms embraces the creation of an economy in compliance with market relations, the formation of a new system of state participation in economy management, the rational integration of the state economy to the world economy, etc.

In last 15 years Azerbaijan economy had a great success in these directions; basically formed the liberal and open economic system, attracted a big amount of foreign investments to the economy and created a strong private sector, appropriate state administrative institutions, and a network of market infrastructure corresponding to the international practice.

The Chamber of Accounts, established in 2001, is a new organization for the Republic of Azerbaijan in this system. The special legislative and normative methodological base for the activity of the Chamber of Accounts was formed.

In 2004, the State Program on Anticorruption Struggle in Azerbaijan was accepted. In this program priorities were given to the strengthening of control over state financial flows, to increase the effectiveness of the use of the state funds, to promote transparency in state financial management, etc. The Chamber of Accounts, plays an important role in implementation of this program.

One of the main directions of economic legislation, is to strengthen and extend financial flows of the state. Taking into consideration new responsibilities of the economic system, objectives and aims of the State Anticorruption Program and world practice on anticorruption struggle, there should be improvement and reconstruction of the state control mechanism on both functional and institutional plan.

The main objective in functional direction is to eliminate contradictions and discrepancies in the legislation mechanism of proper state control in different links of economic processes.

Primarily, it should provide a principle of unity of economic policy in management and a framework of reforms in state management system. Following are considered as the main criteria for improvement of legislation:

- Formation of objective information about economic processes and prevention of asymmetrical assessment of information by appropriate subjects of management;

- Inadmissibility of excessive requirements of legislative norms or of a great number of directive norms;

- Inadmissibility of discretionary authority of officials in legislative plan;

- Accountability for an activity and necessity of the control in government sector.

According to the practice of recent years non-observance, in some cases, of the above mentioned principles in enacting legislation, created serious problems. For example, formation of functional and financial accountability in main management areas by different criteria decreased the effectiveness of the use of state financial resources and created serious sources of corruption.

Inadequacy of a number of legal and financial norms to responsibilities and authorities became a justification and stimulation for violation of law requirements.

In many cases it was creating a broad range of decision making for some management bodies and state officials. A number of public bodies operated without reporting about their activities and actively used pseudo norms to avoid control. And usually it was ending with undesirable results.

Creation of the holistic system of internal control, which embraces all public bodies, is considered as the main task in institutional direction.

According to the world practice, existence of such system increases the flexibility of the management and effectiveness of the use of funds, also improves the performance of an external control.

Reporting on the whole spectrum of the performance of all public sector bodies and provision of the necessity of the control over this is another important task of institutional approach. Presently a number of government entities and enterprises with state capital avoid reporting about their activity and proper control.

Considering above, adoption of the following acts are reasonable for the improvement of control over using of the state funds in Azerbaijan Republic:

I. The Law on State Financial Control, prepared in accordance with the world practice, including the recommendations of the Lima Declaration of Guidelines on Auditing Precepts of INTOSAI reflecting the main principles and responsibilities of the state financial control.

From our point of view, the conception of the law on state financial control should consist of the following items:

- ✧ State financial control gathers the necessary information about the potential, actual volume and structure of the state financial flows in all levels;
- ✧ Effective financial control at first depends on determination of the boundaries of accountability between the participants of financial flows;
- ✧ State financial control consists of external and internal control levels;
- ✧ External control, from the point of view of authorities of supreme state bodies (The President and The Parliament), embraces control over the accuracy of registration and legality of using of state resources (material and financial), the assessment of the economy, efficiency and effectiveness of the using of these resources.
- ✧ According to international practice external control of supreme audit serves to examine and report on public management of state funds. It means that external control informs the state administration and public by independent and objective assessment.
- ✧ Internal control, as an element of functional management system, assesses legitimacy and economy of the realization of financial management authority in both entire executive power and different government body's levels.
- ✧ The forms of internal control are determined by executive bodies as an element of the functional management system.

The comprehensiveness, chosen methods and means of internal control should provide the reliability of its assessments for external control.

- * External and internal control should be conducted considering the national auditing standards prepared in accordance with international auditing standards.

The constitutional law in (Part XII of the Constitution of the Republic of Azerbaijan) has provided a framework for improved control system.

II. The Budget Code, serves to implement the economic functions of the state more effectively, efficiently and economically.

Preparation of improved and durable Budget Code is very important for the implementation of state economic functions. The Budget Code should embrace all durable and uniquely perceptible legal and economic norms on such directions as the forecasting of social economic development of a country, the assessment of the effectiveness and efficiency of the financial economic activity of budget and non-budget organizations, the assessment of the state revenue potential, mechanisms and means of management of its affect to social economic development, the mechanism of provision of the state expenditure effectiveness, the promotion of programming level of the state budget, direct preparation and execution of the state budget and reporting on these activities, etc.

The adoption of the document named “The Budget Framework and Strategic Priorities”, offered by the World Bank Mission on Programmed Review of the State Expenditures, is expedient as the first step in this area.

Studying and Implementing Audit Law Conscientiously

Striving to Create a New Situation in Audit Drive

Li Jinhua,

Auditor-General

National Audit Office of China

After the deliberation by the Twentieth Session of the Standing Committee of the Tenth National People's Congress, it adopted on February 28, 2006 the revised "Audit Law of the People's Republic of China" (hereafter, it is abbreviated as Audit Law) and the law came into force from June 1, 2006. This is a great event in the course of the development of China's audit drive.

The former Audit Law, before its revision, was passed by the Ninth Session of the Standing Committee of the Eighth National People's Congress on August 31, 1994 and put into force from January 1, 1995. Since the promulgation and implementation of the Audit Law for past eleven years, under the leadership of the Party and the Government at various levels, the audit institutions at all levels across the country had pursued in earnest the " Principle of Governmental Audit", centred closely on economic constructions and the centre of governmental work, strictly followed the stipulations of the Audit Law, done their duty of audit supervision in accordance with law, persisted in taking truthfulness as basis, focused on striking blows at forgery and rectifying disorder, on putting priority areas, key departments and priority funds under audit supervision, seriously investigated and dealt with major problems of violating laws and regulations in the areas of finance and economics and major cases of economic crimes , constantly deepened the audit content, actively explored value for money audit and exposed problems of major losses and waste due to the faulty policy decision and bad management. Persisting in carrying out their administrative duties in accordance with law, they had strictly followed the audit procedures, standardized audit conduct, tightened the control over the quality of auditing and thus, the quality and level of audit had been raised year by year, the social impact exerted by audit work had become greater and greater and that had played an important role in maintaining the order of public finance, and economics, intensifying the building of honest and clean government and performing administrative duties according to law and ensuring the healthy development of national economy. Practice has proven that the Audit Law of 1994 was a successful law. It had not only

supplied audit work with solid lawful guarantee, pushed forward to bring comprehensively every piece of audit work into the orbit of legal system, vigorously expedited the development of audit drive, but also laid a lawful foundation for making China's audit work conform to the audit conduct of international community, launching budget implementation audit for the same level government, implementing "Audit Results Report and Audit Performance Report" system and Announcement of Audit Findings system, exploring performance audit and had demonstrated foresightedness to a certain extent and up till now, that is still of important practical significance .

But, we should also be aware of the fact that with the gradual establishment and improvement of the system of socialist market economy, there have been profound changes in China's social economic situations and therefore, in our audit work, we have been meeting with a lot of new situations, new problems and confronting with quite number of new tasks and demands. On one hand, many new demands have been made by new situations upon us in our audit supervision. The Central Committee of the Chinese Communist Party and the State Council have time and again emphasized that we should improve budget establishment, adopt check balance mechanism and strengthen special audit supervision. By the promulgation and the implementation of the Outline of Advancing Comprehensively the Implementation of Performing Administrative Duties According to Law, the State Council has made new demands on audit institutions concerning their persistence in carrying out audit duties according to law and the way in which they should standardize audit in accordance with law. The Party committee, People's Congress and Government at various levels have continuously expressed their desire to strengthen and improve the audit work. Social communities in all walks of life have higher and higher expectations of audit supervision. These desires need to be reflected in the Audit Law. On the other hand, there have been great changes in the objective circumstances with which we are confronted in audit work now as compared with that at the time when the Audit Law was initiated. Reform in the systems of state-run financial institutions, administrative organs and public institutions, investment and financing have brought about increasingly greater and greater diversity of the structure of ownership and the principal part of investor. There have been greater changes in objects of audit supervision. With the polarization of the accounting and financial management computerization of the audited institutions, the carrier of audit supervision has also been turning from paper data to electronic data. These changes also need appropriate adjustments of the Audit Law. Furthermore, since the promulgation and the implementation of the Audit Law for eleven years, China has obtained a lot of useful experiences and made many innovative achievements in the audit work. Particularly, some methods by which we have strengthened the control

over and management of audit quality also need to be institutionalised in the form of law. Consequently, it is necessary to revise and improve some content in the Audit Law unfit for the situation of the development of social economy and the demand by the development of audit work, so as to complete further the audit supervision system and promote the development of audit drive.

In accordance with the legislative work plans of 2004 of the Standing Committee of the National People's Congress and the State Council, the National Audit Office of China started to revise the Audit Law at beginning of 2004. With the joint efforts by the Standing Committee of NPC and the State Council, in-depth investigation and research, broadly gathering opinions from people in various circles and repeated revisions, it has taken nearly two years to complete the revision of the Audit Law in the end. In the course of revising the law, following the guiding thought of the principles of the Constitution and the stipulations of the other laws being identical, persistence in the performance of administrative functions according to law and requirements for the building of rule-by-law government being identical, development of social economy suiting that of audit work, our audit practice conforming to the normal practice of international audit and keeping step with the times in combination with maintaining stability, on the basis of keeping the frame work structure and the basic content of the former Audit Law intact, we have made revisions mainly in the following four aspects:

1, The Revisions to Complete the Mechanism of Audit Supervision. These primarily include: in order to make clear the lawful basis for the implementation of audit laws and regulations by audit offices, it is stipulated that audit institutions shall make audit evaluations according to the relevant laws and regulations concerning revenues and expenditures of public finance and those of financial affairs and the relevant stipulations by other nations and make audit decision within their functions and powers granted by law. In order to improve and perfect the system of report on audit work, it is stipulated that the report on audit work shall focus on the audit situation concerning the implementation of budget. The Standing Committee of People's Congress can adopt a resolution on the audit report. The government shall submit report to People's Congress at the same level on situation in which the problems found out through auditing are corrected and on the results of handling those problems. "Director of Resident Audit Office" shall be changed to "Resident Audit Office" in order to suit the change in the form of resident office. It is stipulated that opinions shall be asked for from audit offices at higher levels prior to the decisions made on the appointments and removals of the responsible members of the local audit offices at various levels in order to perfect the system of dual leadership of local audit offices, to guarantee the independence of audit, to ensue

that responsible members of the local audit offices are exempted from retaliations and that they are competent at the professional job.

2, The Revisions to Perfect Audit Supervision Duty. These primarily include: “state-run administrative organs and public institutions” within limits of the audit supervision are changed to “state-run administrative organs and public institutions and the other administrative organs and public institutions which use public financial funds”, and “national construction projects” are changed to “construction projects in which the government invests or it is the major investor” in order to suit the reform of the systems of state-owned financial institutions, enterprises, administrative organs, public institutions and of the system of investment and financing. Considering the complexity of the reform of systems of state-owned enterprises and financial institutions, it is stipulated that the audit supervision accepted by those enterprises and financial institutions where state capitals occupy the major stock holding or guiding positions shall be stipulated by State Council. In order to supervise the leading cadres in a more effective way, according to the gist of central document, it is stipulated that the principal leading members of state organs and other institutions which are objects under audit supervision according to law shall accept audit supervision of the term-of office accountability by audit offices. In order to suit the change in the system of management of social audit institutions and the reality of the adjustment of functions of audit institutions, it is made clear that audit offices have the right to check the audit reports issued by social audit institutions to the institutions which are objects of audit supervision.

3, The Revisions to Strengthen Means of Audit Supervision. These primarily include: it is stipulated that audit offices have the right to require that the audited institutions should submit their electronic finance and accounting data and their computer technical documents on file, and the right to examine the data system of finance and accounting of the audited institutions. It is stipulated that audit offices, with evidence and approval from relevant authorities, have the right to inquire about the savings deposits in financial institutions deposited by the audited organs in personal names in order to examine and deal with more effectively the crime of violating law committed by those who deposit public funds in their personal names and try to cover the crime in this way. It clearly defines the coercive measures the audit offices take to seal up relevant finance and accounting data and the property obtained through violating regulations in order to prevent the audited institutions from transferring and hiding the relevant data and property. It entrusts to audit offices the right of requesting assistance from institutions of public security, supervisory, public finance, tax, customs, pricing, business administration and other relative institutions so as to

overcome the limitations of the means of audit and of the limits of audit, to promote comprehensively carrying out audit duties, strengthen further the cooperation with other institutions and pool supervision efforts. It stipulates that the audited institution should implement the decision by audit office and the audit office can circulate a note to the relative departments, asking them to take away the money according to law if the audited institutions refuse to turn over the funds which should have been turned over to the relevant departments .

4, The Revisions to Standardize Audit Conduct. These primarily include: the audit report is established as a legal document issued by audit offices for external use in order to meet the need of the announcement of audit findings. It stipulates that audit offices at the higher levels can instruct offices at the lower levels to alter or to annul the decisions that do not tally with the relevant state stipulations. If necessary, the former can also directly alter or annul the above-mentioned decisions in order to perfect the supervision mechanism for different levels of audit offices. In order to correct the audit institution's conducts that violate the law or are inappropriate, and to protect the legitimate rights and interests of the audited institutions, it is stipulated that the audited institutions that refuse to accept audit decision on the relevant financial revenues and expenditures can apply for administrative appeal or enter an administrative lawsuit and those that refuse to accept the audit decision on the relevant revenues and expenditures of public finance can ask the people's government at the same level for a ruling which is accepted as final .

The revision, promulgation and the implementation of the Audit Law supplies audit offices with more complete lawful means enabling them to carry out their duty comprehensively and to strengthen audit supervision. That is a more favourable lawful guarantee of promoting the performance of administrative duties according to law and of building a rule-by-law government. It lays a more solid lawful foundation for standardizing audit conducts and sticking to the performance of audit duties according to law. It creates a better lawful environment for pushing forward a long-term development of audit drive. We hope that taking Deng Xiaoping's Theory and important thought of "Three Represents" as a guide, audit institutions at various levels and broad masses of auditors would study seriously, understand profoundly, publicize vigorously and implement comprehensively the Audit Law. We should set off in the departments of audit and affiliated organizations a new upsurge of publicizing and studying the Audit Law and make auditors fully understand the important significance of the revision of the Audit Law, master relevant content of Audit Law as soon as possible and grasp the essence earnestly. We should publicize widely the revised Audit Law through many channels among the audited offices and social

communities in various circles in order to gain support and understanding from society and to create necessary social environment for implementing the law comprehensively. We also hope that the governments at all levels and relevant departments will, as always, support and cooperate with audit work and bring the role of audit supervision in the social economic development into full play in accordance with the requirements put forward by the Audit Law. On the basis of studying, publicizing and training well, audit offices at various levels should have a good grasp of the work on the implementation of the revised Audit Law. We should strengthen investigation, research, supervision and speeding up the fulfilment of the assigned tasks, summarize timely new circumstances, new problems arising from the implementation of the Audit Law and establish a complete set of rules and regulations. The National Office of Audit Office of China shall also pay close attention to researching and revising of The Rules Concerning the Implementation of the Audit Law and the relevant audit standard and laying down of The Rules of Accountability Audit. Taking the revision of the Audit Law as a turning point, the audit institutions at various levels and the broad masses of auditors should further implement the principle of audit work, that is, principle of Audit according to law, Serve the interests of the whole, work around the central task, stress the main points and take a matter-of-fact attitude, carry out conscientiously audit duties, standardize continuously audit conduct, intensify control over audit quality, improve and raise the audit quality and level, and strive to create a new situation in audit drive.

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Establishment of an “e-Audit System” and its Anticipated Effects

-SAI-Korea

Introduction

The Board of Audit and Inspection of Korea (BAI) has conducted audits and inspections over the past five decades, contributing toward the establishment of order in the nation’s accounting system and discipline among public officials. The BAI has gained the trust and confidence of the people as the nation’s supreme audit institution.

Since the launch of the “Participatory Government” in 2003, strong reform measures have been implemented in a bid to carry out social reform and establish a new system of governance. Under the circumstances, the need for audits and inspections, which were in accordance with the government’s reform efforts, was more urgent than ever. Moreover, dissatisfaction among government agencies subject to audits has grown over duplications of audits and inspections by different institutions, including the National Assembly, the BAI, and other supervising agencies, and their excessive demands for submission of document and information for audit. Meanwhile, the people’s desire to participate in such audit and inspection activities has grown. Yet, it was pointed out that the BAI’s service to the people through disclosure of audit information and PR activities was still insufficient.

As part of its efforts to pursue internal innovation aimed at meeting these customer needs, the BAI set the direction for innovation of its audit operations as “customer satisfaction-oriented audit” to address the side effects of audit and inspection activities, such as redundant audits and burden of being audited; “productive audit” which minimizes input and maximizes output; and “open audit” which promotes civil participation. Since then, BAI has formulated and implemented diverse measures to innovate audit operations, including introduction of “system-based audit.”¹

¹ “System-based audit” refers to an audit operation concept, which encapsulates new audit policies, strategies and mindsets pursued by the BAI on an all-encompassing basis. The audit systematically diagnoses problems through around-the-clock monitoring over the government’s major policies and projects, which are subject to audit and inspection, and presents comprehensive and fundamental improvement measures.

This article intends to explain the “e-Audit System,” an information system which has been established to efficiently support such audit operation innovation measures, and elaborate how the system can contribute to the innovation of audit operations.

Current Status of the “e-Audit System” Project

By comprehensively coordinating government audit activities, the “e-Audit System” is aimed at preventing redundant audits and dead spots of auditing; ensuring professionalism and productivity of audit through systematic management of audit knowledge; establishing a system where various information and data on government activities are constantly collected, analysed and assessed by linking different administrative information systems managed by different government agencies, thereby effectively supporting system-based audits and realizing fair and transparent electronic auditing and maximizing preventive audit effects.

Based on the “Informatization Strategy Plan (ISP) on the Establishment of the e-Audit System,” which was formulated in March 2003, the BAI embarked on the first phase of the project, which converted the existing rudimentary audit information system into the e-Audit System on September 16, 2004 and completed it on December 27, 2005. The second phase of the project was completed in March 2006.

e-Audit System Project Schedule

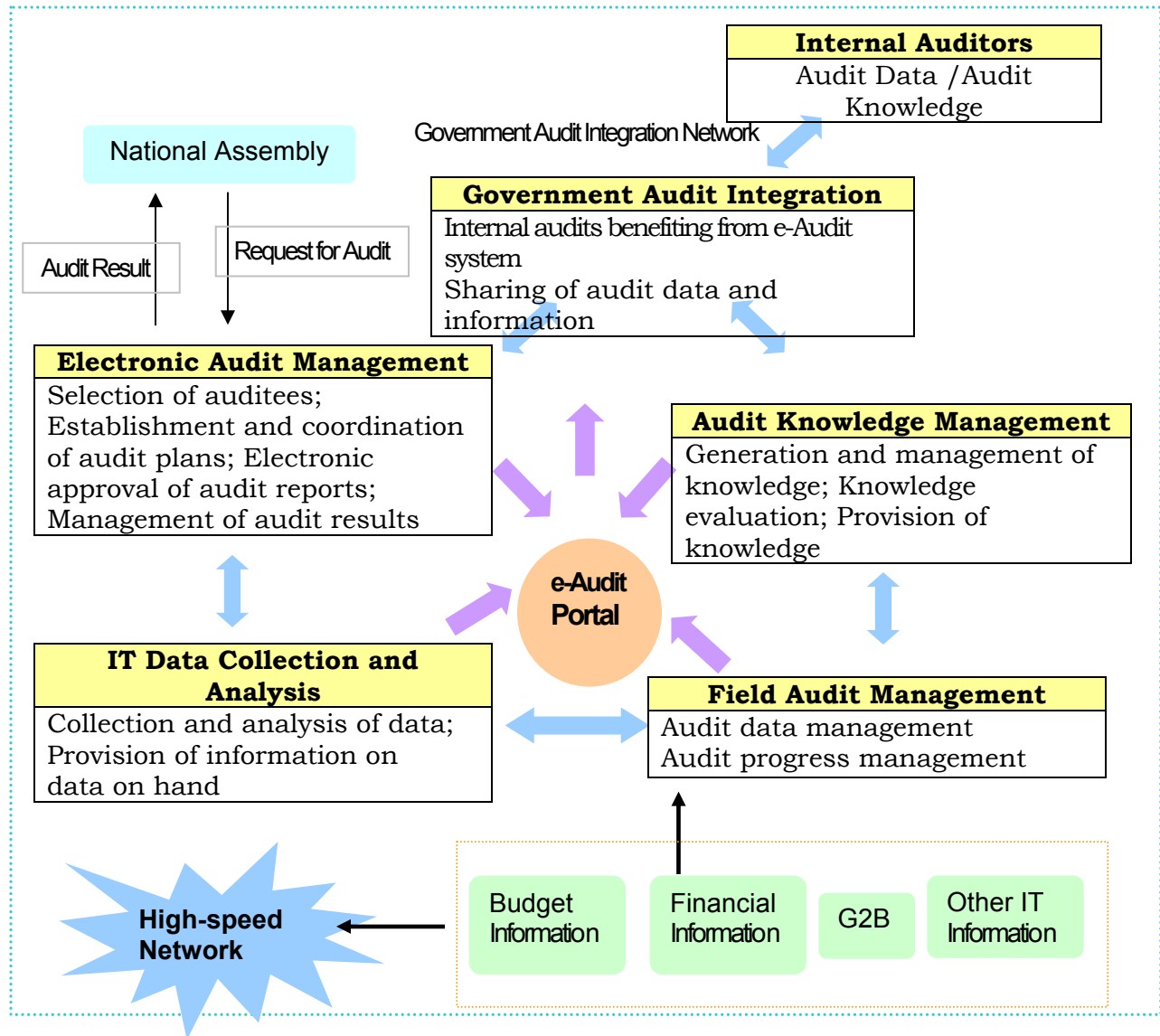
(Unit: 100 million won)

	1 st Phase of Project	2 nd Phase of Project
Project Cost	56	15
Project Period	Sept. 2004 ~ Dec. 2005.	Jan.2006 ~ Mar.2006.
Project Description	Establish four sub-systems, including Electronic Audit Management System.	Establish two sub-systems, including Government Audit Integration System

The first phase of the project involves the establishment of an Electronic Audit Management System that supports electronic processing of all processes of audit work; a Data Collection and Analysis System that supports continuous collection and analysis of data; an Audit Knowledge Management System that builds an audit-related knowledge database, thus enabling sharing of audit knowledge; and an Audit Portal System that supports integrated operation of other related systems - and reorganization of the BAI homepage. Meanwhile, the second phase of the project involves the establishment of a Government Audit Integration System that supports integration and coordination of all government

audit plans including internal audits and a Field Audit Management System that supports field audit activities, including free communication among audit team members.

e-Audit System Diagram



e-Audit System and its Anticipated Effects

When the e-audit system that electronically processes and manages audit work in line with the digital environment is established, it is expected to ensure a fair and transparent audit; customer satisfaction-

oriented audit; productive audits; and open audits that the people participate in, which the BAI promotes. The following suggests how audit work will evolve in the future with the establishment of the e-audit system:

1. Establishment of Electronic Audit Management System

The Electronic Audit Management System is a system that electronically processes most audit work, including selection of auditees, establishment and coordination of audit plans, management of audit data and processing of audit results. Through the system, users can easily produce audit reports by utilizing relevant document formats and templates available for each step of the audit procedures.

This system will realize paperless audit and greatly improve work efficiency by reducing time and cost for document production. Furthermore, all procedures of audit work are consolidated and managed in the form of electronic data, thereby contributing to ensuring transparency and impartiality of audits.

2. Data Collection and Analysis System: Realization of Preventive Audit

The IT Data Collection and Analysis System is a system that one can access, in real time, data managed by government information systems including the existing National Financial Information System, the National Procurement System, and the Budget Management System, which have been managed by different government agencies.

Through the system, the BAI has access to all information and data of entities subject to audit in real time, dramatically reducing dead spots of auditing. Moreover, analysis by different subject such as analysis of data by project and accounting entity, has been made possible, laying the foundation for conducting system-based audits through monitoring of major projects. In addition, it is expected that irregularities by accounting officials will be prevented thanks to 24-hour online routine monitoring of the implementation of government budgets.

Meanwhile, with the system in place, field audits requiring a large number of auditing personnel will be reduced and audit activities will largely be performed within the BAI without requiring additional audit data, providing great relief to entities subject to burdensome audits.

3. Audit Knowledge Management System: Improving Professionalism and Productivity of Auditing

The Audit Knowledge Management System is a system that accumulates and shares extensive knowledge resources that can be utilized for audit activities, including audit data, audit techniques, work procedures that have been acquired in all the stages of audit work encompassing the establishment of audit plans, filed work and follow-

ups, thereby improving the efficiency of audit work and enhancing problem-solving capacity.

With the system in place, it will be easier to collect audit data required during the preparatory stage of audit and the burden of data submission by auditees will be reduced. Furthermore, by complementing professionalism of individual auditors for further improvement, the quality of auditing will be enhanced, ultimately improving credibility of audit results and increasing acceptance by auditees.

4. e-Audit Portal System and Improvement of Homepage

The e-Audit Portal System is an integrated system that provides an integrated environment where, with a single sign on, one can have access not only to the information customized to one's own needs but to different systems within the e-Audit System, including the Electronic Audit Management System, Data Collection and Analysis System, Audit Knowledge Management System and Electronic Approval System.

With the system in place, user-convenience has been enhanced, making users feel as if they were using only one system. Moreover, Electronic Cabinet and Messenger functions were introduced to expand office space and facilitate communication among BAI personnel.

In addition, in a bid to realize "open BAI," which works together with the people, the BAI has fully disclosed its replies to citizens' enquiries and audit results through e-mails and newsletters on its website. Such improvement of service for the people is expected to satisfy their diverse needs.

5. Government Audit Integration System: Making National Audit System More Efficient

The Government Audit Integration System is a system that connects the audit supporting programs of internal audit bodies through the network, thereby realizing coordination of audit plans, sharing of audit information and electronic interchange of audit documents.

With the system in place, the BAI supports internal audit bodies by providing them with the information necessary for audit planning by such internal audit bodies.

Moreover, internal audit bodies themselves can utilize data collected by the BAI through the system and can submit audit data in the form of electronic files, thus relieving their burden of being audited. Furthermore, the system will enable the BAI and internal audit bodies to share audit knowledge, increasing the overall quality of public sector auditing in Korea.

6. Field Audit Management System: Maximizing Audit Performance through Teamwork

The Field Audit Management System is a system that supports the formation of networks among team members in the sites of field work and provides generalized audit software² such as KGAS and ACL to enable users at field work to re-analyse, for their specific purposes, the data which has been processed by the data collection and analysis system of the mainframe computer.

With the system in place, a real-time information sharing system on audit progress in the field has been available, helping to focus audit resources on core areas, while efficient auditing through teamwork can be made possible by frequently coordinating audit directions and role divisions through the Messenger function.

Conclusion

With the completion of the data collection and analysis system and government audit integration system of the e-Audit System, the benefits will be significant. Cost reduction alone, including labor cost required in collection and submission of audit data, will amount to 31.9 billion won annually.

However, as in the case of all information systems, it should be recognized that it is difficult to fully satisfy all the needs of users from the outset and ongoing efforts are required to improve audit work and upgrade the systems. Such efforts will serve as the basis to efficiently implement the aforementioned audit operation innovation measures and lead to the rebirth of the Board of Audit and Inspection of Korea as a government organization more trusted by the people.

For additional information, contact the Board of Audit and Inspection of Korea at Koreasai@Koreasai.go.kr.

² The generalized audit software refers to those that can be used for general purposes of audit, for instance, extraction, comparison and recalculation of accounting information. There are two types: ACL (Audit Command Software), which is widely used in other countries, and KGAS (Korea Generalized Audit Software).

Strategy to develop the State Audit Bureau Institutional

Performance: Kuwait

2006-2010

The State Audit Bureau of Kuwait (SAB) began in January 2006 to implement the second strategic plan that focuses on SAB institutional performance development to reach excellence. SAB also aims at being a model to both legislative and executive authorities in institutional performance that could be related with high quality professional and ethics standards. Performance is a vital issue to maintain highest degree of credibility and transparency especially when SAB recommends the entities subject to its audit jurisdiction to improve their work methodologies, support accountability and transparency, and increase the efficiency and effectiveness of the development programs adopted by the government.

The institutional performance is the strategy's main core and aims at creating an integrated system to achieve work and duties and obtain a good reflection on SAB activities based on an interaction with internal and external environment. This institutional performance includes three major dimensions: SAB staff performance within their audit and assistant sectors, audit sectors performance within SAB general policies and SAB performance within economical, social and cultural environment.

The strategy structure was built on a deep analysis to the first strategy implementation consequences. That strategy aimed at reengineering SAB organizational composition and structure to be able to interact with changing audit methods and maintain excellent performance. The last strategy also aimed at enhancing a group of core values that control SAB performance such as the independence, which supports SAB activities and findings, and professionalism through adopting a set of standards based on impartiality, subjectivity, transparency, and fair and balanced disclosure. The permanent development ensured providing audit services based on the best professional practices. The strategy supported accountability to ensure the ideal and proper use of public funds.

Moreover, The strategy built was based on an analysis to the phenomenon of increased demand on audit services provided by SAB, especially the legislative authority assignments that are limited to certain

time and data availability. The audit should comply with legislative obligations mentioned in the law no.30 for the year 1964.

As a result of such deep analysis, the strategy preparation was based on three major pivots. The first pivots aims at improving the current work pattern in SAB to reach excellence at performance. This excellence is achieved throughout a set of major goals that focus on adding value to SAB performance, in order to provide the continuous improvement which ensures the concerned outside parties satisfaction with SAB findings. SAB also adopted a set of standards to measure and evaluate the performance of SAB to enhance conclusions, in addition to evaluating the interaction of SAB staff with the audit services recipient (auditee). Furthermore; the goals are targeted to review SAB major operations whether the audit operations or the administration operations to evaluate each operation contribution to achieve SAB goals. That may provide opportunities to realize SAB vision and encourage staff to innovate.

The goals stress the importance of improving and developing the available data base in SAB and working on establishing a new data base to match audit sectors requirements since it is considered one of the main pilings to increase audit competency.

The second pivot of the strategy focuses on evaluating some programs mentioned in the government work plan of the tenth legislation session (2003-2007). SAB seeks to provide distinguished audit services that matches SAB objectives and realizes an effective control on public funds. SAB believes that it is important to evaluate such programs based on the main public trends of the government work plan that concentrates on the human resource development in various fields as education, requalification, technical training, health care, and environment protection. Regarding development plans and administration development, SAB pays attention to the application and utilization of modern technology and IT in government administration. This application requires participation of all parties to reorganize work performance methodologies and providing services in governmental sector.

The third pivot of the strategy stresses the importance of interacting with international professional organizations, other SAIs and research institutions in order to exchange knowledge and support SAB staff technical abilities to improve SAB audit performance. Constant cooperation with other SAIs, especially the GCC SAIs, allows to perform

the peer review regarding the policies and procedures of quality insurance related to audit standards, best practices and the degree of compliance with them. Besides, the partnership between SAB and some research institutions will help to exchange updated professional knowledge in a sound manner and give SAB a better opportunity to provide a specialized professional support in some fields related to performance evaluation.

To ensure success of the institutional performance operation transformation, SAB based the work on a number of keystones. The most important one is the strong and effective support provided by the top management to change into institutional performance.

Success in this operation is based also on an effective contribution of all SAB staff and the support of specialized professional teams that own the ability to create and manage such change through an integrated system, and not as a partial change due to time limits or assigned tasks.

Finally, SAB intends to update its strategic plan every two years based on continuous evaluation and implementation outcomes. Operating and binding annual plans will be prepared for all SAB sectors. SAB performance will be measured and evaluated annually to detect the strategy achievements and take the appropriate decisions. SAB budget, during the plan period, will reflect the implementation requirements.

The website and the e-mail address of SAB-Kuwait: Web site: www.sabq8.org; e-mail: president@sabq8.org

An integrated approach to the audit of public entities' management of funding to non-government organizations

-SAI-New Zealand

Earlier in 2006, the New Zealand Auditor-General published a good practice guide to enhance public entities' management of funding arrangements with non-government organisations (NGGs).! The guide underpins an integrated approach to the audit of public entities' management of funding to NGOs. The audit approach integrates individual audit inquiry, good practice guidance, the annual audit, and a rolling programme of performance audits.

What is the Auditor-General's interest?

The Auditor-General gives Parliament and the public independent assurance over the use of public resources. This assurance includes an annual audit of the financial statements of all government departments, Crown entities, State-owned enterprises, local authorities, statutory boards, and other public bodies, including bodies that are controlled by ally of these organisations. We refer to these collectively as "public entities",

The roles and responsibilities of public entities have changed, especially in the past 20 years. Public sector reform has led to a broadening of the base of service delivery, in a number of countries, including New Zealand. NGOs are now frequently involved in delivering public services, influencing policy design and implementation, or performing a facilitative role to ensure that government objectives are met,² Activities that were once carried out by public entities are increasingly carried out by NGOs for public entities.

When a public entity funds another organisation to deliver services on its behalf:

- it still has responsibilities and obligations for the public funds;
- it still needs to ensure that:
 - the NGO puts the public funds it receives to good use; and
 - the management of the funding and of the relationship with the NGO is effective;
- the public still expects that public resources, including those funds derived from taxes and rates will return value for money -

- that is, that they will be managed lawfully, competently, and to good (public benefit) effect; and
- the public also expects that public resources will be managed with integrity

The Auditor-General is not the auditor of NGOs that may receive grants or funds from public entities. However, the Auditor-General has an interest (as the auditor of public entities) in ensuring that public entities make good use of their resources. The Auditor-General is able to report to Parliament on how well public entities ensure that public funds devolved to NGOs are used lawfully, effectively, efficiently, and with integrity,

Integrated audit approach

The Auditor-General has limited resources available for discretionary work (such as performance audits), compared to the annual audit effort. We have therefore adopted a strategic intent of integrating our audit efforts, so as to better deploy the range of audit interventions to promote public sector improvements around core areas of accountability, authority, performance, probity and waste.

Since 2000, when a range of issues were raised relating to the management of public funding to an NGO³ we have been extensively involved in issues relating to contract and other funding arrangements between public entities and NGOs.

We have previously published good practice guidelines for procurement of goods or services by a public entity⁴ and have reported on several occasions our concerns about the management of contracts and other funding arrangements with NGOs. In 2003, for example, we reported on an inquiry into the management of funding arrangements with several NGOs connected with a member of Parliaments⁵

In our reports, we outlined some of our expectations of how public entities contracting with NGOs, or providing funding to them, should ensure proper accountability, transparency, and best use of public money. In particular, we identified several risk areas, including:

- scrutiny of the governance and management capability of the potential provider;

1. Principles to underpin management by public entities of funding to non-government organisations, <http://www.oag.govt.nz/2006/funding-ngos/part1.htm>

2 Robert Buchanan and Colleen Pilgrim, Transparency and Accountability in Government Decision-Making: Devolved Service Delivery, May 2004, Paper prepared for the Conferenz 6th Annual Public Law Forum -see our website: <http://www.oag.govt.nz>.

- monitoring of the arrangements with the provider; and
- review of whether the arrangements have the desired impact.

Based on our annual audit and inquiry work, we continued to have concerns about how well risks in this area were managed by public entities. We decided to adopt an audit approach that integrated several elements:

- signal to public entities -not only in the course of the annual attest audit, but also in our inquiry reports⁶ and in presentations at various seminars and workshops⁷ - the risks and our concerns;
- communicate our audit expectations -through the development and promulgation of a good practice guide;
- specific research and development activity on our audit methodology and requirements in order to give wider assurance to public entities through the annual audit; and
- carry out a rolling programme of performance audits of public entities which face high risk in this area.

Signaling to public entities the risks and our concerns

Contracting with NGOs has been an area of audit emphasis in annual audits over the last 3 years. Any audit concerns are reported to the public entity in the management letter, and, where appropriate, to the Minister and the relevant Select Committee as part of the financial review.

We have also presented, and continue to present, selectively at national seminars and conferences on our inquiry findings and reports, and on our expectations about management of funding arrangements with NGOs.

Developing and promulgating a good practice guide

We published a good practice guide in June 2006 on our audit expectations of NGO contracting and funding arrangements.. Our good practice guide sets out the principles that we expect public entities to consider -and act in keeping with -to manage funding arrangements with

3 Central Government: Results Of the 1999-2000 Audits, parliamentary paper B.29[00c]], pages 52-55.

4 Procurement: A statement of good practice, 2001.

5 Inquiry into Public Funding of Organisations Associated with Donna Awatere Huata MP, ISBN 0-478- 18111-6, November 2003.

6 These are reported on our website: <http://www.oag.govt.nz/Jreports/default.htm>

7 These are reported on our website: <http://www.oag.govt.nz/Jspeeches-papers/speeches.htm>.

NGOs. It is directed at public entities in both the central and local government sectors. It is aimed primarily at arrangements with NGOs, but the principles are intended to be applied to all funding arrangements entered into by public entities. "

The Auditor-General expects public entities to show that they have entered into and managed funding arrangements with NGOs according to the following principles:

Lawfulness -Have activities, resourcing, and accountability requirements been undertaken within the authority granted by Parliament?

Accountability -Have public entities given full and accurate accounts of their activities? Are governance and management arrangements suitable to address any concerns?

Openness (transparency) -Is the nature of the funding arrangement, and the way in which it was entered into, clear to all parties?

Value for money -Are resources used effectively and efficiently, without waste, and in a way that optimizes the public benefit?

Fairness and integrity -Are the public entities and NGOs that are involved in funding arrangements together meeting Parliament's and the public's expectations of an appropriate standard of behaviour in the public sector?

The Auditor-General also expects public entities to take a risk-based approach to how they fund NGOs. No matter what type of funding arrangement is used, it is critical that a public entity identifies and considers the risks; and that it plans, negotiates, manages, and monitors the funding arrangement in such a way that the public entity can be held to account for its effective and efficient use of those public funds.

We have advocated a risk-management approach in which:

- critical risks in the funding arrangements are identified;
- policies and standard procedures are designed to mitigate risks that are systemic and common to this type of funding arrangement; and
- risk mitigation is done in ways that are most cost-effective for the funding entity,
- and most efficient in terms of transaction and compliance cost for the NGO.

Our good practice guide uses 4 scenarios to illustrate how the principles might be taken into account in various funding arrangements, and the risks and the tensions between the principles managed.

The Auditor-General expects that public entities will be able to demonstrate clearly the rationale for their decisions and actions. This means that public entities need to record what it is they do and the reasons why. In an age of ever-increasing public and political accountability, this requirement has never been more important. The Auditor-General is promulgating the principles and the risk-based approach of the good practice guide in the annual audit and in the national seminars and conferences that we engage in.

Extending our annual audit methodology and requirements

Research and development work in the coming year will establish the specific work we could usefully carry out in future annual audits to give wider assurance on the management of NGO funding arrangements. This work will link closely to our good practice expectations.

Rolling programme of performance audits

We have in place a rolling programme of performance audits examining grant programmes in public entities where risks are highest. These are reported on our website when completed.⁸

We will extend this to a rolling programme of performance audits examining management of funding arrangements with NGOs by public entities. We will identify those entities where risks are highest in this respect, and use our good practice expectations as audit criteria.

The principles- and risk-based approach that we have advocated underpins both the further work that we are undertaking on annual audit methodology and the performance audits of public entities' management of funding arrangements with NGOs.

⁸ New Zealand Trade and Enterprise: Administration of grant programme~', ISBN 0-478-18124-8, December 2004; New Zealand Trade a/1dEnterprise: Administration of the Visiting Investor Programme, ISBN 0-478-18125-6, December 2004; Foundation for Research. Science and Technology: Administration of grant programmes, ISBN 0-478-18156-6, May 2006.

IMPLEMENTING THE MANUAL AND COMPUTERIZED GOVERNMENT ACCOUNTING SYSTEM: PHILIPPINE EXPERIENCE

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Introduction

The Philippine Commission on Audit is granted by its Constitution the “exclusive authority to *promulgate accounting and auditing rules and regulations*, “(Paragraph 2, Section 2, Article 1X-D, and Philippine Constitution). In this context, Chairman Guillermo N. Carague, in 2001, spearheaded the Government Accounting System Simplification and Computerization Project. It is a major reform of not only revamping the 50 year old government accounting system but replacing it with a modernized New Government Accounting System (NGAS), which is continuously being enhanced to conform with the latest developments in internationally accepted accounting standards such as the International Accounting Standards/International Financial Reporting Standards (IAS/IFRS), the International Public Sector Accounting Standards (IPSAS), Philippine Accounting Standards (PAS) and the like. The project includes the design and development of its computerized version, which is called the electronic New Government Accounting System (e-NGAS).

This paper shares the Philippine experience in implementing the manual and computerized (e-NGAS) versions of the new government accounting system. It states the objectives, enumerates the significant milestones, describes its environment and basic and technical features and enumerates the benefits derived by users. It also discusses the financial statements and reports generated by the system, the implementation strategies and current status of the rollout. The next steps being pursued to ensure the success and sustainability of the system are also taken up. It informs on the ongoing development of the agency-level integrated financial management information system (IFMIS) being developed by the Commission. It shares the presenter’s idea of an inter-agency integrated FMIS. Some of the testimonies of system users and other stakeholders are also captured as evidences of success of the implementation.

To make NGAS and e-NGAS in tune with the times, a regular review is being conducted. Recently, the Philippine Government Accounting Standards (PGAS), the set of standards governing the government accounting in the country, of which the NGAS and e-NGAS adhere to, was formulated.

Government Accounting System Simplification and Computerization Project

The old government accounting system (OGAS) was designed and developed decades ago by foreign consultants who did not really have the appreciation of the realities of the local setting. Also such system was not meant for computerization as the technology was not yet present during that time.

The Commission fully recognized the need to change the antiquated system to reflect the real financial condition and performance of different government agencies. To realize this, the project was hatched with the following objectives: standardize recording of government financial transactions, consolidate financial reports for national government agencies (NGAs), local government units (LGUs), and government owned and controlled corporations (GOCCs), align the accounting system with International Accounting Standards, International Financial Reporting Standards and International Public Sector Accounting Standards with the overall goal of improving accountability and governance through transparency in management of government finances.

The project started in February 2001 with the design and development of the NGAS. A steering committee composed of the Chairman himself as the head; three Assistant Commissioners and two Directors from the Commission's Accountancy Office provided direction and resolved project issues. While the old accounting system was developed by foreign consultants more than fifty years ago, the NGAS was designed and developed by a technical working group consisting of all-Filipino accounting and audit experts and specialists from the Commission. The team was in touch with the day to day operations in different government agencies and possessed knowledge on internationally accepted accounting standards.

The manual NGAS was conceptualized, designed and written in four months. The manual system has the following features: adoption of the modified accrual accounting and one fund concept for accounting for funds, asset method for disbursements which apply to more than one accounting period, standard chart of accounts and account codes, generation of standard financial statements and reports like trial balance, balance sheet, statement of changes in equity, statement of

income and expenses and cash flow statement using the direct method. The system also uses the two-money column trial balance; financial expenses are separately classified from maintenance and operating expenses; adopts the perpetual inventory system for supplies and materials and a standard valuation for inventory; the Construction Period Theory is applied for construction of assets; the maintenance of registry of public infrastructures/reforestation; computation of depreciation on property, plant and equipment; the reclassification of serviceable assets no longer used as “other assets” not be subject to depreciation; setting up of allowance for doubtful accounts for estimated uncollectible trade receivables; recognition of liability when goods are accepted or when services are rendered or when bills from creditors are received; accrual of interest; crediting directly the appropriate liability accounts for all borrowings or loans; adoption of imprest petty cash fund and revaluation of foreign currency deposits and loans at prescribed exchanged rate at balance sheet date;

The new system was launched to COA executives last November 14, 2001, the start of the conduct of nationwide training for more than ten thousand government auditors and accountants, which took place in less than 3 months. By January 1 of the following year, the NGAS was implemented in more than 1,000 national government agencies and more than 2,000 local government units.

By the middle of 2001, as the manual accounting system was being developed, the eventual computerization of the system was also being targeted. Based on the policies, guidelines and procedures specified in NGAS, the electronic New Government Accounting System was developed by an all Filipino team of Commission’s IT personnel, augmented by more than 20 Information Technology faculty members and practitioners from a state university, the Polytechnic University of the Philippines.

In almost the same period, the conceptualization and design of the computerized system was in progress. The development followed and the computerized version was tested and piloted in the Commission on Audit from April to September 2003. The initial rollout of e-NGAS started in October 2003 in three national agencies, the Office of the President, the Department of Social Welfare and Development and the Civil Service Commission and in two local government units. At present, these agencies have benefited from the use of the system through the timely preparation and submission of required financial statements. For instance, the municipality which was the first to install e NGAS, submitted its 2004 financial statements on the third working day of January 2005, a dramatic improvement from the previous practice of beating the annual February 14 deadline.

In view of the huge number of agencies nationwide, 2,100 NGAs, 1,700 LGUs and more than 600 GOCCs, the implementation in GOCCs was intentionally left behind due to the fact that these agencies are more or less applying commercial accounting. Training for this third group started in November 2004 and the implementation of the manual version started in January 2005.

Electronic New Government Accounting System (e-NGAS)

The digital version of the manual NGAS, the e NGAS is a software developed by the Commission on Audit to ensure correct, reliable and timely recording of financial transactions in government agencies. Financial statements and reports generated by the system are in accordance with policies, guidelines and procedures set forth in the NGAS. Every change, revision or addition to policies, guidelines and procedures in NGAS is captured and reflected in the e NGAS. Government agencies adopting the system are provided with such system updates.

The software runs on Microsoft SQL server with multi-user operations. It has alpha search and look up system codes for transactions, online data entry and validation, online query and reporting with option to print facility; audit trail is present for review purposes and users can automatically recover from hardware and software failures.

To address the need of agencies with preference to open systems, the Commission acquired an enterprise multi-platform database management system, which runs on Linux and other open operating system, on UNIX operating system or on Microsoft. We have made available to agencies the version of e NGAS that runs on these operating environments. We are even distributing free licenses of the multiplatform database software to interested agencies. With this, agencies are able to implement e NGAS at a much lesser cost.

Government agencies are getting our computerized accounting system free. Those who opt to seek our assistance in the installation and training pays us very minimal amount to cover the honoraria and out-of-pocket costs of our personnel. Subsequent system updates or enhancements are likewise made available free to the user agencies.

Status of Implementation and Roll out

At present, there are more than 300 government agencies that have completed and are having ongoing roll out of e NGAS. There are more than three thousand agencies nationwide and the Commission is aggressively targeting that the system will be rolled in all these agencies three years from now. We are getting all the support from legislators,

government executives and other stakeholders so the system will be implemented in the entire government bureaucracy the shortest time possible.

Beneficiaries

The e-NGAS benefits the agency management, accounting and other finance personnel, oversight and regulatory bodies, general public and the government in general.

With e-NGAS, agency executives have a management tool at their disposal, providing them with timely and valuable financial information for making significant decisions. Financial statements like Income and Expense Statement and the Balance Sheet can be printed anytime at the click of the mouse. Year-end statements are printed during the first week of the following year, unlike in the past that these are available at the end of the first quarter or at the middle of year of the ensuing year.

Of course, the major beneficiary of the system is Government Accountancy and Financial Management Information System Office of the Commission on Audit. This office is tasked to consolidate financial reports from all government agencies and submit the same to the Congress and Office of the President by September 30 of the following year. With the partial implementation of the e-NGAS, this office is able to submit these reports by June 30 of the following year. With the full implementation of e-NGAS targeted three years from now, the consolidated reports will be available during the months of January or February of the following year.

The project development was financed by the Commission and the system is made available to all agencies at a very minimal installation fee. This means a big savings for agencies and the government as a whole.

Oversight regulatory agencies like Department of Finance (DOF), Department of Budget and Management (DBM) and the Commission on Audit are major beneficiaries of the system. The Department of Budget and Management and the Commission on Audit require agencies to submit regular financial reports which e-NGAS readily provides. The COA is required by law to submit consolidated annual financial reports (AFR) for NGAs, LGUs and for GOCCs to the President and the Congress. The DOF, DBM and the Commission are coordinating with one another to harmonize their reportorial requirements for both local and international users such as the donor agencies among others. The Bureau of Internal Revenue (BIR), an agency under the DOF, for instance has requested the Commission to incorporate in e-NGAS, the reports on withholding taxes

from agency suppliers. This effort will surely generate additional revenues for the government.

Since financial statements and reports are easily printed, these can be posted in agency bulletin boards and websites for the information of the public. In this manner, the public is apprised of government financial condition and performance, thus promoting transparency.

With the system in place, assets and liabilities of agencies are properly recorded. Property plant and equipment, receivables and liabilities subsidiary details are tracked by the system, which enhances accountability of responsible officials and employees.

Annual financial statements generated by the system are submitted to the President and to Congress, which are used for decision-making and budget deliberation purposes. In the past, internationally accepted accounting standards were not applied; accrual accounting was not practiced; depreciation for property, plant and equipment was not computed; inventories were not properly accounted for as there were no subsidiary ledgers; borrowings and other accounts were not properly taken up in the books; with NGAS and e-NGAS, the government is sure that the financial reports are truly reflective of the real condition and performance of government agencies. Therefore, the government in general benefits from the e-NGAS.

Basic Features

The e-NGAS has features, which if not superior, are consistent with the policies, procedures and guidelines set in NGAS. These are:

User Friendly Screens

The software has simple and well-organized screens that are easy to use. It has menus for system set-up, transactions, query, reports, utility and window options.

Accounting Journal Entry Templates for Common Transactions

There are more than 400 accounting entry templates for common transactions, which the accountant can use in journalizing transactions. Accounting entry templates are categorized into cash transactions, non-cash transactions and adjustments among others.

Balanced Accounting Journal Entries

The software has validation control to ensure the equality of debits and credits before saving the transaction.

Data Validation

The system has built-in data validation to avoid recording of duplicate or identical data. This will ensure that no one transaction is recorded twice.

Electronic Approval and Posting of Transactions to General and Subsidiary Ledgers

Upon approval of the Journal Entry Voucher by the Chief Accountant, transactions are automatically posted to General and Subsidiary Ledgers, which simplified the work of the accountant who traditionally maintain manual ledger cards for each and every inventory item.

Use of Only One Journal – The General Journal

Special Journals like the Cash/Check Disbursement Journals are eliminated. The software uses the General Journal, which contains all recorded transactions. Information on the General Journal can be filtered into transaction type like collection and disbursements depending on the information required.

Standard Chart of Accounts

The software uses the NGAS 3-digit Chart of Accounts prescribed for use by the three sectors of the Philippine Government, namely the National, Local and Corporate Government sectors. The purpose of having standard Chart of Accounts is to achieve uniformity in recording transactions and to facilitate the consolidation of financial statements submitted by different agencies.

Responsibility Accounting

In implementing of Responsibility Accounting feature of the system, each office is treated as profit and cost center. A management accounting concept, this feature enables e-NGAS to measure efficiency and performance of responsibility centers by comparing the pre-determined targets against actual results.

Automatic Computation of Inventory Cost Using Weighted Moving Average Method

The software adopts the weighted average method of inventory costing. This means that the unit cost of issued supplies and inventories changes

when there is a new receipt or acquisition or when there is withdrawal or disposal of the items.

Reorder Level and Number of Days to Consume the Inventory

The software has the facility to inform the user on the supply or inventory item/s, which should be purchased, based on the forecasted number of days to consume such items. Information on reorder levels and days to consume items is based on the agency historical data. This avoids overstocking of inventories or lack of available stocks, which promotes efficient utilization of scarce government funds.

Property, Plant and Equipment Monitoring

Large amount of government funds are invested on property, plant and equipment (PPE). Monitoring the whereabouts of PPE items including the history of its repairs and maintenance is a critical task. The software has the capability to show the location of the items, to identify the accountable official and to monitor the frequency of repairs and maintenance for a specific PPE item.

Automatic Computation of Depreciation Using Straight Line Method

The software has the facility to automatically compute the depreciation for each PPE item using the Straight Line Method. There is ongoing review of Philippine government accounting standards and the alternative treatments for computing depreciation on PPE are being reviewed and evaluated.

Subsidiary Ledger Maintenance

The software ensures the reconciliation of the General Ledger (GL) Account and Subsidiary Ledgers (SL) at all times thus eliminating the perennial problem of non-reconciliation of the GL and SL balances. Transactions cannot be saved in the system unless the GL and SL are reconciled.

Project Accounting

Project costs components such as materials, labor, overhead and consultancy fees can be monitored thru the use of Construction in Progress Ledger Card, which can be printed anytime. For each fund or project, a separate set of financial reports can be generated. Currently, there are ongoing efforts among donor countries and Government of the Philippines (GOP) agencies to harmonize their report requirements. Harmonized reports of donor agencies can then be produced by the e

NGAS. This will ensure timely, accurate, relevant and standardized financial reports that are acceptable to donor agencies and at the same time easily generated by agencies using the e NGAS.

Public Infrastructure/Reforestation Projects Monitoring

Costs incurred in the construction of public infrastructures and reforestation projects are monitored thru the Registry of Public Infrastructures/Reforestation Projects. During construction, these kinds of projects are recorded using the Construction in Progress account. Once completed, such public infrastructure projects used by the general public are transferred to the appropriate registry at end of year of completion and adjusted to Government Equity Account.

Online Query Features with Option to Print

To satisfy the agency reporting requirements, e-NGAS has online query facility that can generate reports with option to print: Journal Entry Voucher, Expenses per Responsibility Center, Income per Responsibility Center, Summary of Income, Summary of Expenses, Repair History of PPE, Stocks Availability Report, Stocks Due for Reorder / Reorder Point, Aging of Receivable Accounts, Aging of Payable Accounts, Inventory Schedule, Property, Plant and Equipment Schedule, Schedule of Accounts Balances, Recorded Supporting Documents among others.

Generation of Financial Statements:

In accordance with International Financial Reporting Standards (IFRS), e-NGAS generates the following reports: Statement of Income and Expenses (Condensed and Detailed), Balance Sheet (Condensed and Detailed), Statement of Cash Flows, Statement of Government Equity, Consolidated Statement of Income and Expenses (Condensed and Detailed) and Consolidated Balance Sheet (Condensed and Detailed)

Generation of Financial Reports/Forms:

The system automatically generates the following accounting forms and reports: Trial Balance (Unadjusted, Pre-Closing and Post-Closing), Consolidated Trial Balance (Merge and Unmerge), General Journal, General Ledger, Subsidiary Ledger, Supplies Ledger Card, Property, Plant and Equipment Ledger Card, Construction in Progress Ledger Card and other management reports.

e-NGAS Conceptual Framework

The Commission has developed two versions of the software using Visual Basic Language, one integrated version and another on the Core Accounting System. We opted to rollout the Core Accounting System (e-NGAS), which is integrated as it maintains subsidiary ledgers, and connect easily with other frontline systems. It covers the accounting steps from journalizing consummated transactions to report generation. It includes journal entry voucher (JEV) preparation, JEV review and approval, query facility and report generation.

The system also includes the budget module, which records budgetary allotments, requests for obligation or payment and generates monitoring reports useful for agency use and oversight agency monitoring purposes.

Rollout Strategies

We have some initial strategies when we started the pilot and rollout of e-NGAS in different agencies. As we progress, we learned to be more flexible and to adapt to the changing situations in various agencies. We found the following strategies workable: provide COA roll out team to assist agencies, empower the agencies by allowing them to roll out in their regional offices and attached agencies, mobilize COA Regional Offices and the more than six thousand auditors in the field to support the nationwide rollout, provide e-NGAS trainers to agencies which decide to do their own roll out, provide individual consultants to agencies on an on call basis, collaborate with umbrella organizations like League of Local Government Executives, Phil. Association of State Universities and Colleges, Professional Organizations – Government Association of Certified Public Accountants, Philippine Institute of Certified Public Accountants, Association of Government Accountants of the Philippines and cooperative grouping of LGUs among others.

Lessons Learned from the Rollout

Implementing computerized government accounting systems like e-NGAS made us validate through experience the following factors significant to success of projects: support of management and users, determination of management and users to finish the rollout on time, readiness of agency in terms of logistics like hardware, software, etc., politics within the agency, rapport with agency ICT group is important, systematic response mechanism to user problems and issues should be in place, flexible strategies and the nationwide rollout provided opportunity to work as teams. We send a team composed of our audit personnel, accountancy staff, software development and technical members to assist the agency in their roll out. Counterpart implementation team from the agency is formed to collaborate with the COA team to ensure the success of the project.

The Next Steps

Agency-Level Integrated Financial Management Information System (IFMIS)

In anticipation of future requirements of agencies, the development of the so-called Related Operating System is currently ongoing; it is a collection of web-enabled applications software designed to support a full Financial Management and Information System. As a web-based system, it makes financial reports available online, frequently asked questions can be addressed quickly and allows immediate feedback from users.

It consists of the following sub-systems: Cash Receipt Operations, Cash Disbursements Operations, Non-Cash Operations, Payroll and Personnel Information System and other frontline systems.

This system consists of modules, which can be implemented independently and capable of being linked with other modules. Each module has system set up, transaction processing, report generation and query menus. Modules can be linked to e-NGAS and the Budget System and can automatically access transaction details for the preparation of Journal Entry Vouchers and Obligation requests. It is also capable of changing configuration to adapt to needs of national agencies, local government units and government owned and controlled corporations.

The agency-level integrated financial management information system (IFMIS) is a software which aims to support government wide and agency policy and decision-making activities. It provides accurate, timely, complete, reliable and consistent information with standardized data classification for recording financial transactions and it implements common procedures for similar transactions, provide adequate management reporting, apply internal controls on data entry, transaction processing and reporting and provide complete audit trails to facilitate review and evaluation.

Similar to e-NGAS, IFMIS has the following features: user friendly interface, simplified entry of transactions and activities, ability to import transaction data directly to specified data format, forms like Disbursement Voucher, Liquidation Reports can be sent by an employee thru the web, queries and reports can be viewed and printed thru the web, and records and data are protected against unauthorized access using appropriate administrative, physical and technical safeguards.

The system has Reporting module that allows customization of ad-hoc reports including headers and footers, column and row totals, page

breaks, font styles, sizes and colors; it performs currency conversion; some reports can be viewed in graphical formats and runtime, dates, terminal source, and user name are included in all reports

Conceptual Framework

The framework is an innovation from the traditional framework for financial management information system. Using four modules - cash receipt, cash disbursement, non-cash, payroll and personnel information system, cash, non-cash and adjustment transactions are inputted into the system from origin. These are processed by the appropriate module and the outputs are inputs for the web-based e-NGAS, budget system, and other information systems of government agencies. Queries and request for reports maybe addressed by the system via the World Wide Web. Forms like disbursement vouchers, liquidation reports and the like can be prepared through the internet.

Inter-agency IFMIS

To enable the government to monitor fiscal plans, budget preparation and enactment, budget execution including revenue-raising, expenditure, loans, etc, transaction accounting activities such as recording and reporting as well as review and audit, the agency level IFMIS of critical agencies maybe linked for online access to information and for proper coordination among such agencies.

This is a long-term project and requires close coordination among oversight agencies such as the DOF, DBM, other oversight agencies and the Commission.

The Philippine Government Accounting System (PGAS)

The Commission on Audit is committed to keep its government accounting standards up to date and in tune with the latest developments in international and local accounting scenes. Just recently, it issued 13 Philippine Government Accounting Standards (PGAS). These standards include those for the following: Financial Statements, Characteristics of Financial Information, Cash, Receivables, Inventories, Property Plant and Equipment, Public Infrastructures, Other Assets, Liabilities, Deferred Credits, Equity, Income and Expenses. Each standard incorporates the objective, scope, recognition and measurement criteria. As the standards are being formulated, the IAS/IFRS, the IPSAS, the Philippine Accounting Standards, laws and regulations were reviewed and provisions pertaining to the environment in Philippine government were considered in the process. Currently, the details of the standards are being fleshed out.

Conclusion

The modernization of the government accounting system had significantly saved funds for the government; improved financial reporting by showing its real financial condition and performance and promoted transparency and accountability in the country's financial management. Due to its impact, the nationwide implementation of the e-NGAS is being recognized as one of the anti-corruption projects of the Philippine government. Also, while adhering to locally and internationally accepted accounting standards, norms and best practices, the Philippine Commission on Audit has not lost sight of the need to adopt standards unique to the Philippine setting and environment and incorporate these in its new government accounting system.

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INTERNET / E-mail Addresses of ASOSAI Members

Country	E-mail address	Web Page
Afghanistan	auditoffice_afghanistan@yahoo.com	
Australia	agl@anao.gov.au	http://www.anao.gov.au
Azerbaijan	office@ach.gov.az	http://www.ach.gov.az
Bangladesh	saibd@citechco.net	http://www.cagbd.org
Bahrain	NACI@batelco.com.bh baluchia@yahoo.com	
Bhutan	bhutanaudit@bhutanaudit.gov.bt webmaster@bhutanaudit.gov.bt	http://www.bhutanaudit.gov .bt
Brunei Darussalam	jabaudbd@brunet.bn	http://www.audit.gov.bn
Cambodia	uthchhorn@naa.gov.kh	
China	cnao@audit.gov.cn	http://www.audit.gov.cn
Cyprus	cao@cytanet.com.cy	http://www.audit.gov.cy
Georgia	chamber@gol.ge chamber@geomail.ge	http://www.control.ge
India	ir@cag.gov.in	http://www.cag.gov.in
Indonesia	lo_international@bpk.go.id ksbksm@bpk.go.id	http://www.bepeka.go.id
Iraq	diwanirq@uruklink.net	
Israel	sco@mevaker.gov.il	http://www.mevaker.gov.il
Iran	pria@dmk.ir	http://www.dmk.ir
Japan	liaison@jbaudit.go.jp	http://www.jbaudit.go.jp/en gl/
Jordan	audit.b@amra.nic.gov.jo	http://www.audit-bureau.gov.jo
Kazakhstan	esep_k@kazmail.asdc.kz	http://www.esep.kz
Korea	koreasai@koreasai.go.kr bai_kor@hotmail.com	http://www.bai.go.kr http://www.koreasai.go.kr

Kuwait	fawziaa@audit.kuwait.net training@sabq8.org	http://www.audit.kuwait.net
Kyrgyz Republic	whl@elcat.kg	
Malaysia	jbaudit@audit.gov.my ag@audit.gov.my	http://www.audit.gov.my
Maldives	maldago@dhivehinet.net.mv	
Mauritius	auditdep@intnet.mu	http://ncb.intnet.mu/audit/index.htm
Mongolia	mnao@mnao.pmis.gov.mn mnaoadmin@magicnet.mn	
Nepal	oagnep@ntc.net.np	http://www.oagnepal.com
New Zealand	oag@oag.govt.nz	http://www.oag.govt.nz
Oman	sages@omantel.net.om	http://www.sgsa.com
Pakistan	saipak@isbcomsats.net.pk	
Papua New Guinea	agois@ago.gov.pg	
Philippines	gemcarague@coa.gov.ph	http://www.coa.gov.ph
Qatar	qsab@qatar.net.qa	
Russia	zylis@gov.ru intrel@ach.gov.ru	http://www.ach.gov.ru
Saudi Arabia	gab@zajil.net	http://www.gab.gov.sa
Sri Lanka	oaggov@sltnek.lk	
Thailand	jaruvan@oag.go.th int_rcla@oag.go.th	http://www.oag.go.th
Turkey	int.relations@sayistay.gov.tr	http://www.sayistay.gov.tr
U.A.E.	saiuae@emirates.net.ae	http://www.saiuae.gov.ae
Vietnam	vietnamsai@hn.vnn.vn	http://www.kiemtoannn.gov.vn

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

Other Important e-mail/webpage addresses

Groups	E-mail address	Web Page
INTOSAI	intosai@rechnungshof.gv.at ,	http://www.intosai.org
ASOSAI	pdir@cag.gov.in , dirir@cag.gov.in	http://www.asosai.org
ARABOSAI	arabosai@gnet.tn	http://www.arabosai.org
AFROSAI	afrosai@ids.tg	
CAROSAI	csai@opus.co.tt audgen@opus.co.tt	http://www.oagbermuda.gov.bm http://www.auditorgeneral.gov.tt
EUROSAI	eurosai@tcu.es	http://www.eurosai.org
OLACEFS	alvinw@contraloria.gob.pa centrodeinformacion@condraloria.gob.pa	
SPASAI	oag@oag.govt.nz Information@oag.govt.nz	http://www.oag.govt.nz/HomePageFolders/SPASAI/SPASAIHome.htm
International Journal of Government Auditing	spel@gao.gov	http://www.intosai.org
INTOSAI Standing Committee on IT Audit	pdir@cag.gov.in ir@cag.gov.in	http://www.intosaiitaudit.org
Working Group on Programme Evaluation		http://www.intosai.comptes.fr
Public Debt Committee	jmanjarrez@asf.gob.mx	http://www.intosaipdc.org.mx
Working Group on Environmental Auditing	environmental.auditing@oag-bvg.gc.ca	http://www.environmental-auditing.org

Working Group on Privatisation	enquiries@nao.gsi.gov.uk	http://www.nao.org.uk/intosai/wgap/home.htm
Task Force on the Audit of International Institutions	riksrevisjonen@riksrevisjonen.no ,	http://www.riksrevisjonen.no/
IDI	idi@idi.no	http://www.idi.no

ASOSAI Calendar 2006

Month	Dates of meeting	Venue	Event
January			
February			
March	13-24	Hanoi Vietnam	1 st Pre Workshop instructors meeting under the ADB funded /IDI sponsored project
April	3-4	Dhaka	6 th meeting of the 7 th ASOSAI Research Project on AQMS
May	1-14	Thimphu, Bhutan	Instructors team Meeting for ASOSAI sponsored workshop on “ Audit of Procurement”
June			
July	July 24 to August 9	Ulaanbaatar, Mongolia	Workshop for East and Central Asian SAIs under the ADB funded /IDI sponsored project
August	7-18	Indonesia	ASOSAI sponsored workshop on “Audit of Procurement”
September	11 12-15 15	Shanghai China	36 GB of ASOSAI X ASOSAI Assembly 37 th GB of ASOSAI
October			
November	13-22	Tokyo, Japan	JICA sponsored seminar for knowledge sharing
December			