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

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Editorial

Dear Colleagues,

It gives me great pleasure to bring to you the October 2012 issue of ASOSAI Journal, which is an effective instrument for dissemination of information on activities in ASOSAI, INTOSAI and the member SAls. This is the second issue of the year 2012, which contains information about the new heads of SAls, material contributed by members in the form of articles on various topics of mutual interest, INTOSAI and ASOSAI news, updates of training activities in the region and brief report of activities of members SAls.

As usual, we remain indebted to the Chairman and Secretary General of ASOSAI for their regular columns through which they continue to address our members and appraise them of the important developments taking place in our community. We are again very fortunate to have Mr. Liu Jiayi, Auditor General of China, share his thoughts with us in his insightful article, "Auditing in accordance with law in the interest of the overall situation". I also take this opportunity to thank SAI Japan, the Training Administrator for updating us about the training activities in the region. I am grateful to SAls of Bhutan, Nepal, Philippines, Australia, Russia, Turkey and India for contributing interesting articles and sharing with us the various activities in their respective SAls.

The essence of this journal is to share professional experience and exchange information which would not only enrich members SAls in the region but also other SAls all over the world, as this journal now reaches out to all the members of INTOSAI, a step which has been welcomed by our colleagues outside the ASOSAI membership.

SAI India thanks all the members for their continued support to the journal. Your feedback and inputs will spur us to improve the contents of the journal. I request all the readers to send us material for future issues at ir@cag.gov.in



(JAGBANS SINGH)

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From the desk of the Secretary General of ASOSAI



Dr. Kun Yang
Secretary General, ASOSAI
&
Chairman, Board of Audit
and Inspection of Korea

Greetings

- Born with 11 Charter member SAls in 1979, ASOSAI has now grown to be one of the leading INTOSAI regional groups with 45 member SAls. This well-built group is now called upon to strengthen the audit capacity of its member SAls, especially by enhancing professionalism and expanding institutional infrastructure.
- Given the fact that a large number of the ASOSAI member SAls are beneficiaries of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD), ASOSAI needs to draw human and financial assistance from external partners.
- Being aware of this need, the ASOSAI Secretariat is making multifaceted efforts to support the member SAls for strengthening their capacities. On this occasion, I would like to introduce the Secretariat's endeavor for this collective goal carried forward within ASOSAI and beyond, namely within the umbrella of INTOSAI.

Efforts within ASOSAI

- Corruption undermines the rule of law, good governance, and economic development, in particular, by distorting distribution of resources. It is, thus, crucial to have a well-functioning SAI. Indeed, it is especially true for developing countries to become an advanced country.
- In 2012, ASOSAI directed its attention to strengthening the member SAls' audit capacity for combating corruption. Please refer below for specific activities carried forward in this spirit.
 - The 10th ASOSAI Research Project under the theme "Audit to Detect Fraud and Corruption: Evaluation of the Fraud against Corruption and Money Laundering" was launched. 22 member SAls, or a half of the total membership of ASOSAI, participated in the Project. As the Secretary General of ASOSAI, I am delighted to see the members' zeal for eradicating corruption. I am grateful to all participants.
 - In addition, an ASOSAI-sponsored workshop on Dealing with Fraud and Corruption will be held in the Philippines in November this year. It will be a well-defined platform for more than 40 auditors of member SAls to exchange their own knowledge of and experiences on auditing and to develop audit capacity, after all.

From the desk of the Secretary General of ASOSAI

Cooperation with INTOSAI

- Now, allow me introduce to you several initiatives of INTOSAI.
- With a view to disseminating the International Standards of Supreme Audit Institutions (ISSAI) adopted by the 20th INCOSAI to the SAIs in developing countries, the 3i Program for the ISSAI implementation initiative will continue to be provided to ASOSAI member SAIs. Your ceaseless support and interest will be greatly appreciated.
- The Global Call for Proposal born in 2011 to enhance the audit capacity of SAIs in developing countries will launch its second round in 2013 after the 21st INCOSAI. If you are interested in applying for assistance, please be prepared.
- The INTOSAI-Donor Cooperation is currently organizing a pooled fund called the SAI Capacity Development Fund in order to effectively support the audit-capacity building of developing SAIs. I hope that many member SAIs will enjoy the benefit from this Fund.

Cooperation with EUROSAI

- I am glad that ASOSAI and EUROSAI jointly laid a solid foundation for inter-regional cooperation by signing a Memorandum of Understanding at the first ASOSAI-EUROSAI Joint Conference held in September 2011. The second Conference will be held in Moscow, Russia in September 2014.
- In the spirit of the MoU, two auditors from the SAIs of India and Korea attended a EUROSAI Seminar on Application of Software Tools in Audit held in the Czech Republic in September 2012. I am sure that both ASOSAI and EUROSAI have mutually benefited from this exchange.
- I, as the Secretary General of ASOSAI, contributed an article entitled “*Strengthening External Public Auditing: Enhanced Relation between SAI and Internal Audit*” to No. 18 of the *EUROSAI Magazine*. I hope that my contribution has helped facilitate knowledge-sharing between ASOSAI and EUROSAI.
- The relatively new inter-regional cooperation with EUROSAI will surely spread its wings to technical-level activities, for example, training programs.

Concluding remarks

It has been three years already since I took over the responsibilities of the Secretary General of ASOSAI. I would like to take this opportunity to thank you all wholeheartedly for your sincere cooperation and support for the Secretariat activities.

Message from Chairman of ASOSAI



Mr. Vinod Rai

**Comptroller & Auditor General of India and
Chairman of ASOSAI**

Dear Friends,

From 12th ASOSAI Assembly and 45th Governing Board Meeting held from 29th February to 3rd March 2012, we have moved forward with renewed zeal and enthusiasm to achieve our goals, particularly with regard to the implementation of ASOSAI's Strategic Plan for the period 2011-15, application of International Standards of SAls, strengthening of cooperation with other Regional Working Groups of INTOSAI and increase in capacity building programmes.

Adoption of the International Standards of Supreme Audit Institutions (ISSAIs) remains a priority with us. In the 5th ASOSAI Symposium which was dedicated to this topic, all members agreed on the importance of the proactive role of the regional organizations of SAls; the commitment of the top level management; the need to allow independence to SAls to select the levels of ISSAIs to comply with; the need to assimilate international auditing standards at all levels of governance. In spite of the challenges in their implementation, ISSAIs will improve the quality and credibility of auditing. It will also allow the SAls to meet the raised expectations of the public in the wake of the current financial crisis and emerge as an active partner in society's quest towards good governance. I am happy to note that ASOSAI Secretariat is vigorously involved in the ISSAI Implementation Initiative (3i) project of INTOSAI in our region.

After signing of a historic MoU between ASOSAI and EUROSAL in Istanbul, Turkey in the year 2011, a new chapter of cooperation with other regional groups has begun. The next joint conference scheduled to be held in September 2014 in Moscow would open new avenues which will be beneficial to both the Regional Groups.

Capacity building and knowledge sharing is a continuous process and ASOSAI Research Project is one platform where member SAls share their views, experiences and best practices on the chosen topic. Last year, we selected the topic "Audit to Detect Fraud and Corruption: Evaluation of the fight against corruption and money laundering" for the 10th ASOSAI Research Project. I am happy to note that a record number of 22 member SAls are participating in the 10th ASOSAI Research Project. I convey my best wishes for the successful completion of the Research project.

As usual, the Secretary General and the Training Administrator, with the active cooperation of member SAls are doing their best to achieve our objectives. I am sure that the forthcoming 46th Governing Board Meeting of ASOSAI in Manila, Philippines from 18th to 20th February, 2013 would provide us an occasion to discuss various matters engaging the attention of our community. I also thank Ms. Mario Pulido Tan, Chairperson of the Commission on Audit of the Philippines for graciously offering to host the 46th Governing Board Meeting at Manila.

Articles

Auditing in Accordance with Law in the Interest of the Overall Situation

Mr. Liu Jiayi

Auditor General, National Audit Office of China

National auditing has made progress over the past three decades of development in China's reform and opening up. Ever since the 16th National Congress of the Communist Party of China (CPC), profound changes have taken place in the concept, scope, content and methods of audit supervision, making a positive contribution to the stable and robust development of the economy and society.



National auditing is an important part of the country's political system.

In auditing work, we focus on exploration in practice and theoretical summary, strive to reveal and grasp the essence of auditing and laws governing its development, and sort out the developmental ideas and goals of auditing work.

While studying and implementing the scientific outlook on development and summarizing our experience, we have come to realize that national auditing is an important part of the country's political system. By its very nature it is an "immune system" to ensure healthy operation of the economy and society. The fundamental objective of auditing is aimed to safeguard the basic interests of the people. At this stage it is imperative to "promote the rule of law, safeguard the livelihood of the people, push ahead with reform and promote development" as its starting point and end result. The fundamental principle of the auditing work is: "to audit in accordance with law, to serve the overall situation, to center on the task, to focus on key points and to be realistic and pragmatic."

In recent years, in taking into account the changes in the international political and economic situation and requirements of domestic reform, development and stability, we have further realized that national auditing is an important channel and approach to improving national governance. National governance has demanded the emergence of national auditing; the objectives of national governance have determined the direction of national auditing; and the mode of national governance has determined the system and form of national auditing. These understandings and ideas have further made clear the direction of scientific development of the audit institutions, and greatly improving the level and quality of auditing work.

Audit supervision has played a positive role in ensuring the healthy development of the economy and society.

In the process of establishment and development of the national audit system, especially in the last decade, we have fulfilled the responsibilities of audit supervision, with supervision of the situation regarding truthfulness, legality and effectiveness of fiscal and financial revenues and expenditures and related economic activities as the basic content, with the data and facts verified by the audit as the basis, and focusing on independent monitoring and assessment of

the economic and social health, on promoting and improving the efficiency and effectiveness of the use of public resources, on safeguarding national economic security, promoting democracy and the rule of law, promoting the building of a clean government, safeguarding scientific development and protecting the interests of the people, we have given full play to the prevention, revelation and resilience of the audit "immune system". In practice, centering on the needs of economic and social development and national governance, we have made efforts to uphold and grasp the following six areas:

1. National auditing is taken as an important means to maintain economic security.

In audits in recent years, we have increased efforts to strengthen follow-up audits on the situation regarding implementation of major policy measures of the central government, major investment projects, dealing with public crises events (including the international financial crisis, etc.) We have also focused on fiscal and financial operation, local government debt, internal governance and regulation of financial institutions, state-owned assets security and operational risks for small and medium enterprises, energy and strategic resources, national information, resources, and environmental protection and other fields, providing reliable information for national economic security.

2. National auditing is taken as an important measure for supervision and constraint of the exercise of power.

As a system clearly defined by the state under the Constitution and the law, national auditing carries out audit supervision over all units, projects and matters that manage and use state-owned funds, carries out accountability audit of local Party committees, governments, judicial and procuratorial organs, major leading persons of Party and government departments, institutions and people's organizations and other units, as well as legal representatives of state-owned and state-held enterprises, for promoting the regular allocation and exercise of power, effectively playing the role of control and supervision.

3. National auditing is taken as a powerful tool to strengthen anti-corruption.

As an endogenous "immune system" of national governance it is our bounden duty to prevent and expose corruption, and to improve the national governance system's "immunity". In auditing, we always persist in the timely and effective exposure of leads to illegal criminal activities, and focus on the analysis of vulnerabilities in system improvement and system implementation reflected behind the cases, playing a positive role in more effectively preventing corruption.

4. National auditing is taken as an important way to promote democracy and the rule of law.

In adapting it to the requirements of democracy and the rule of law, national auditing increased efforts in supervision, promoting the idea that laws must be observed and strictly enforced, and lawbreakers must be called to account. Through disclosing audit plans, the audit process and audit results in accordance with law, an important channel is provided to the public for better understanding how the situation is going on regarding performance of duties by government departments, and participating in national governance.

5. National auditing is taken as an effective safeguard of people's livelihood and rights.

In auditing, by strengthening the audit on projects and funds related to people's livelihood such as education, health care, housing and social security, we reveal and reflect issues of

inadequate implementation of policies and failure to achieve policy objectives, correct the issues that seriously impact and damage the people's interests, play a positive role in promoting the harmonious development of the economy and society.

6. National auditing is taken as an important force in promoting the deepening of reform.

National auditing gives full play to its characteristics of strong independence, wide contact, well versed in policies and regulations, full and accurate grasp of the overall situation, etc., analyzes and reflects from a macro and overall point of view issues revealed in the audit, puts forward recommendations for solving issues on a systemic, mechanism and institutional basis, and plays a positive role in continuing to promote reform in various fields and in the establishment of institutions, mechanisms, and systems conducive to scientific development.

Strengthen audit capacity building in the level and quality of audit work.

In the past 10 years, we persisted in the integrated and coordinated development in the following aspects: improving the audit team, the rule of law, information-oriented technology, audit theory and audit culture, and redoubling our efforts to carry out audit capacity building.

In team building, we have continued to deepen reform of the personnel system and the building of a professional auditing team, cultivated leading and core talents of the auditing profession, promoted the setting up of a Master's Degree in auditing and the establishment of the College of Education for Auditors, stringently enforced the "eight prohibitions" of auditing discipline, cultivated an auditing team that adheres to principles, capable of fighting tough battles, and is honest and self-disciplined.

In building the rule of law, we have so far cooperated in completing the work on amending the Audit Law and rules for its implementation, developing regulations for accountability auditing of Party and government leading persons, etc., promulgated national auditing standards, developed national audit guidelines and improved internal management systems.

In improving of information technology, we have actively pushed forward construction of the "Golden Audit Project", the extensive use of data analysis and computer auditing techniques, promoted the development of auditing from an on-the-spot, post-the situation and static approach to a remote, during-the-fact and dynamic approach.

In theory building, we have strengthened the study of auditing theory under socialism with Chinese characteristics, explored and grasped in-depth the nature and laws of auditing, providing strong support for the auditing practice.

In culture building, we have established and upheld the core values of "responsibility, loyalty, integrity, legality, independence, and dedication" of auditors, strengthened Party membership awareness, civil service awareness and auditors awareness, providing spiritual driving force for the development of the auditing profession as a whole.

Looking to the future, we are full of confidence. Audit institutions will carry out their audit oversight responsibilities in accordance with law, more effectively bring into play the "immune system" function of auditing in promoting and improving national governance, and we shall dedicate ourselves to the scientific development of the economy and society.

An Introduction to Using Econometrics in Analysing Data in Performance Auditing

SAI Bhutan

By Bikram Gurung

***Abstract:** The past decade has seen an unprecedented development of performance auditing in Bhutan, with the Royal Audit Authority gearing its focus from transactional audits to a performance-based auditing. These types of audit are also quickly gaining popularity amongst different stakeholders. The common challenge today faced by the performance auditors in Bhutan is the complexity of the data and in analyzing them. The use of econometrics can be an avatar in this field. From analyzing huge data sets to interpreting them, knowledge of econometrics can in fact help auditors to interpret these data properly and accurately, increasing the credibility of the reports in the eyes of the stakeholders and the public at large*

***Keywords:** Performance Auditing, Econometrics, SAIs, RAA*

Overview of Performance Auditing in Bhutan

The role of performance auditing has seen an unprecedented development over the last decade in Bhutan. Not only about the way that government activities are analyzed and reported, but a seemingly equally important part is the way it is conducted. As government activities continue to grow in size and volume, which is expected of a developing country, Supreme Audit Institutions (SAIs) are faced with tremendous pressure to audit and report to its stakeholders in a timely fashion about these activities. The first challenge that Royal Audit Authority is faced with is the topic selection, which is itself the most important component. This selection process should undergo a rigorous debate and brainstorming. The second challenge is the resources as every performance audit is a project by itself. The budget and manpower needed to successfully conduct such audits are a matter of concern even for developed countries. The third is the analyzing and reporting part, for the creditability of the report lies in the intellectual endeavor of the auditors.

Public expenditure especially in the field of infrastructure building such as roads and bridges often capture a huge portion of the government budget in our country. If we look at the yearly plans, we may be surprised to find that the majority of the budget is diverted for the poor. This is true especially for a least developed economy like ours. Hospitals, schools, agriculture, water and accessibility are the most important projects in such countries. In such a scenario, how can the audit institutes contribute in the nation building? If we look at such audits closely, they are but project impact studies in different manifestations. It is inevitable that heads of public offices will need these types of audits to evaluate their progress. The importance of evaluation from a separate external independent body has several implications. First, the progress is evaluated and the results are reported to the developing partners (donors), and it reminds the project of its progress reports. In a way, these projects can save a lot of resources because getting to do their evaluation by consultants would cost them heavily.

The use of econometrics

Before going to the use of econometrics in auditing, it would be wise to share about this science.

So what is econometrics?

In the first issue of *Econometrica*, Ragnar Frich (1933) said of the Econometric Society that

Its main object shall be to promote studies that aim at a unification of the theoretical-quantitative and the empirical-quantitative approach to economic problems and that are penetrated by constructive and rigorous thinking similar to that which has come to dominate the natural sciences. But there are several aspects of the quantitative approach to economics, and no single one of these aspects taken by itself, should be confounded with econometrics. Thus, econometrics is by no means the same as economic statistics. Nor is it identical with what we call general economic theory, although a considerable portion of this theory has a definitely quantitative character. Nor should econometrics be taken as synonymous [sic] with the application of mathematics to economics. Experience has shown that each of these three viewpoints, that of statistics, economic theory, and mathematics, is a necessary, but by itself a sufficient condition for a real understanding of the quantitative relations in modern economic life. It is the unification of all three that is powerful. And it is this unification that constitutes econometrics.

Econometrics concerns itself with the application of mathematical statistics and the tools of statistical inference to the empirical measurement of relationships postulated by an underlying theory.

Often model building is the core for any econometrics analysis. So what is a model anyway? It is usually easy to understand that 'model' is simply the abstract of the real world. The proposition that one variable is caused by another, or varies with another or more is an interesting point where one can look at the behavior of the variable in interest. Such models can help us interpret complex behavior, such as the example cited here. 'If government increases or decreases the budget on expenditure on referral cases, by how much will the diseases be controlled or vice-versa.' Therefore, an econometric model is not really bundles of complex equations, but is a cleverly designed set of ideas of the relationships. These ideas should be represented in a set of mathematical equations because of the preciseness and accuracy of mathematical properties.

The first question that comes into our mind is how can this science be used in auditing? Since auditing is viewed as synonymous to checking and verifying accounts, it may seem confusing to most, but econometrics is used to analyze economic activities after all, so how can a legal government auditing institute use such academic science to analyze its findings? The answer is, maybe perhaps, as more and more activities add up with unexpected data and less valuable time at our disposal, this science can be used effectively to come to a logical conclusion about the relationships about any behavior. In fact, every activity has its economic aspects and so these techniques can be used but care must be taken. For example, instead of simply observing and writing down that construction of farm roads has benefited the people of some village x, the use of econometrics can help us say exactly by how much. Another example would be that while government expenditure has been increasing overtime on referral cases, econometrics can tell us whether diseases are correlated to budget or not, and if so how is it correlated. Such is the power of econometrics. Such studies benefit the society at large.

Application of modern techniques like econometrics has many advantages. Given the data availability, use of econometrics can be a powerful way of analyzing data and recommending policy changes to the government. The universal truth that mathematics can help explain complicated exponent can be applied to come to a logical understanding of complex government ventures. Such tools can help increase the quality of reports not only in the eyes of the auditee agencies, but also to the larger intellectual bodies and the general public at large.

The fact that performance auditing is a new concept in Bhutan, it will take time and resources for these types of audits to grow. The flickering hope that this way of auditing might be the answer in a democratic country is sometimes taken by the stakeholders with nostalgia. But it can be said that often government entities are struggling to achieve their targets; these activities are so huge in scope that external overview from audit institutes are essential. Interestingly, today public servants and others alike in Bhutan have started to view performance audits as their friend. This is a welcome gesture and reminds us that our public servants are very informative and they do know what is going on.

Conclusion

Use of modern techniques like econometrics can help solve many puzzles while conducting performance audits. The mere fact that there is a relationship between two or more variables is the corner stone of any analysis. As government entities continue to grow, performance auditors are faced with the challenge of collecting, analyzing and interpreting complex data. Not only the government is concerned about the types of reports that SAls produce, but equally interested are the general public. As a think tank and watch dog of the public fund, it is but inevitable that SAls should be equipped with modern scientific methods of analyzing and reporting. One of the advantages of using such methods is that, the relationship between two or more variables are exploited, the trend is forecasted, in other words, the dark mist that hover around many heads will transform into thin air. Such is the power and capability of using these techniques. At length, with econometrics, we will be able to justify our results with confidence. It is evident that the policy makers will need timely feed back while framing policies. Thus, the use of econometrics can be an avatar in this field. From analyzing huge data sets to interpreting them, knowledge of econometrics can in fact help auditors to interpret these data properly and accurately, increasing the credibility of the reports in the eyes of the stakeholders and the public at large.

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Water Pollution in India: SAI India

“Every year, more people die from the consequences of unsafe water than from all forms of violence, including war”

1. Significance of the topic

Clean, safe and adequate freshwater is vital to the survival of all living organisms and the smooth functioning of ecosystems, communities and economies. India's 14 major, 55 minor and several hundred small rivers as well as lakes receive millions of liters of sewage, industrial and agricultural wastes. Presently, only about 30 % of the waste water generated is treated; the rest is discharged without treatment. Due to this, pollutants enter groundwater, rivers and other water bodies. Agricultural run-off, or the water from the fields that drains into rivers, is another major water pollutant as it contains fertilizers and pesticides. Industrial waste is another major source of contaminant. As a result, rivers, lakes and reservoirs all over the country, are in varying degrees of environmental degradation. Polluted water has impacts on human health, on food production and on biodiversity. Over 90 per cent of those who die as a result of water-related diseases are children under the age of 5. Livelihoods such as agriculture, fishing and animal husbandry all rely on water quality as well as quantity. Studies have estimated that the value of ecosystem services is double the gross national product of the global economy and the role of freshwater ecosystems in purifying water and assimilating wastes has been valued at US\$ 400 billion.

As pollution of rivers, lakes and ground water impacts environment and biodiversity as well as public health and in light of increasing pollution of these sources, the topic, Water Pollution in India, was chosen for Performance Audit. Further, the issue of water pollution had been flagged by leading environmentalists in India as one of the most important environment issues facing India.

2. Audit Scope, objectives, criteria

Audit scope: Audit took place at the *central/federal* level and at the *state/provincial level*. At the federal level, audit scope covered policy and planning issues, data adequacy issues, issues relating to monitoring of measures to control pollution of rivers, lakes and ground water in India. The main federal ministry handling environment issues, called Ministry of Environment and Forests (MoEF) and the main ministry at the federal level for water issues called Ministry of Water Resources (MoWR) were audited to examine the above mentioned issues. At the provincial level, audit scope covered implementation and monitoring of programmes for the control of pollution of rivers, lakes and ground water by the designated implementing agencies, impact of pollution control measures on quality of water in rivers, lakes and ground water all over India.

Audit Objectives: Performance audit was carried out to assess whether:

- i) Inventory of water sources has been prepared and whether the overall status of quality of water in rivers, lakes and groundwater has been adequately assessed in India;

- ii) Risks of polluted water to health of living organisms and the impact on environment have been adequately assessed;
- iii) Adequate policies, legislations and programmes have been formulated and effective institutions been put into place for pollution prevention, treatment and restoration of polluted water in rivers, lakes and ground water;
- iv) Programmes for pollution prevention, treatment and restoration of polluted water in rivers, lakes and ground water have been planned, implemented and monitored efficiently and effectively;
- v) Funds were utilized in an efficient and economic manner to further the aim of reduction of water pollution;
- vi) Adequate mechanisms have been put in place by the government to sustain measures to tackle water pollution; and
- vii) Programmes for the control of pollution had succeeded in reducing pollution levels in ground water and surface water and restoring water quality.

Audit criteria comprised of The Water (Prevention and Control of Pollution) Act, 1974; Agenda 21 document of the World Commission on Sustainable Development of the United Nations Conference on Environment and Development, held in Rio in June 1992; Guidelines for implementation and monitoring of National River Conservation Plan and National Lake Conservation Plan; National Water Policy, 2002; National Environment Policy 2006; Guidelines of United Nations Environment Programme (UNEP) etc.

Audit sampling: Audit sample was selected on the basis of assessment of risks like expenditure, criticality of the project in pollution control and feedback received from the public to the advertisement placed in newspapers. Audit studied the administrative structures and activities related to water pollution in 25 States of India.

3. Methodology

For this particular audit, SAI India adopted a very innovative methodology. The idea behind adopting innovative strategies was to reorient the conventional fault finding role of audit and play a more proactive role in the protection of the environment and thus contribute actively to this cause. Some of the innovative strategies used in this report are as follows:

(i) Before commencement of audit

- a) **Stakeholders' Conference on Environment Audit:** In July 2009, SAI India organised a Stakeholders' Conference on Environment Audit to flag major environmental issues in India and to identify significant areas for audit enquiry in the future. Experts from Civil Society organisations, from Ministries of Environment & Forests and Urban Development, from the Indian Meteorology Department and representatives/corporate bodies working in the field of environment attended the Conference. ***One of the major conclusions of this conference was that water, being an important environment issue, should be audited by SAI India.***

b) **International Conference on Environment Audit-Concerns about Water Pollution:**

Once the topic had been identified during the Stakeholders Conference, SAI held a two-day **International Conference on Environment Audit-Concerns about Water Pollution** in March 2010 to discuss issues relating to water pollution. This conference was attended by members of various Civil Society Organisations, Government Agencies, International Agencies and Regulatory Bodies. The Heads of Supreme Audit Institutions from Austria, Bhutan, Maldives and Bangladesh also shared their concerns about water pollution. **The Conference flagged important areas of concern with regard to river, lake and ground water pollution which were then used to scope our audit as well as draw up our audit objectives.**

The Comptroller and Auditor General of India will be conducting a Performance Audit on the subject “Pollution of ground water, lakes and rivers in India” during 2010-11. In case you want to draw attention to any specific problem/issue regarding water pollution which is affecting you or the environment around you, please get in touch with us. We would try to address these important issues in our report.

Email: cag.water@gmail.com

Postal address: Office of the Principal Director of Audit, Scientific Departments, DGACR Building, IP Estate, New Delhi 110002.

Fax No: 011-23702353

- (c) **Advertisement in newspapers:** SAI India put out advertisements in various national and local newspapers all across India, inviting suggestions from the general public regarding the water pollution problems faced by them. We received more than 500 e-mails and letters. All these inputs facilitated us in the framing of audit objectives, sub-objectives and questionnaires for our Performance Audit.

(ii) Collection of evidence

Once areas of audit enquiry and audit questions were framed, audit methodology consisted of document analysis, responses to questionnaires, examination of reports & records at various levels to collect audit evidence.

- (a) **Use of detailed audit checklist:** To facilitate our audit, since audit was to take place at the federal level as well as simultaneously in 25 states across India, SAI India developed detailed questionnaires according to the agency being audited which guided audit at federal and provincial levels.
- (b) **Use of water quality testing to establish quality of water:** Apart from all the evidence collected, audit also collected water sample reports which helped in arriving at impact of water pollution measures on the quality of water in India's rivers, lakes and groundwater sources.

An Entry Conference with the Ministry of Environment & Forests was held in July 2010 wherein the audit objectives, scope of audit, audit criteria and audit methodology were discussed. Exit Conference in June, 2011 was held with MoEF where audit findings were discussed.

4. Findings and recommendations

Audit Findings

Legislative & Policy framework

- Water pollution has not been adequately addressed in any policy in India, both, at the federal/central and provincial/State level.

In the absence of a specific water pollution policy which would also incorporate prevention of pollution, treatment of polluted water and ecological restoration of polluted water bodies, government efforts in these areas would not get the required emphasis and thrust.

Planning for control of pollution in rivers, lakes & ground water

It was observed that the main ministry responsible for control of pollution at the federal level (MoEF) and a number of provinces/states had not carried out:

- Identification of existing pollution levels in rivers and lakes in terms of biological indicators.
- Identification and quantification of contaminants in rivers, lakes and ground water.
- Identification and quantification of human activities that impact water quality.
- Assessment of risks of polluted water to health and environment
- Had not adopted the basin level approach for control of pollution of rivers and lakes
- Had not developed water quality goals, corresponding parameters for each river/lake and failed to enforce these.

As such, overall planning for the control of pollution on by federal/central as well as provincial/state authorities falls short of an ideal situation. This would have repercussions on implementation of programmes for control of pollution and their outcomes as discussed later in the report.

Implementation of programmes for control of pollution in rivers, lakes & ground water

- Current programmes for control of pollution of rivers, lakes and ground water were insufficient.
- Institutional set-up to manage programmes for control of pollution in rivers, lakes and ground water was inadequate.
- Inclusion of rivers and lakes into programmes for control of pollution in rivers and lakes was flawed.
- Performance of projects undertaken to prevent pollution of rivers was unsatisfactory. 82 % of such projects were completed after the scheduled date of completion. 28 projects costing were constructed but not utilised as yet. Provinces/states implementing the projects faced problems in land acquisition, getting requisite permissions, especially forest clearances, technical problems, problems from contractors etc.
- Programme to prevent pollution of lakes was ineffective. Only two of the sampled 22 projects had been completed and the rest were either continuing beyond the sanction date of completion or had been abandoned. Problems like resistance from locals over proposed construction of sewage treatment plants etc., dispute over site, inability to arrest sewage flow, non-availability of land etc., have contributed to non-completion of the projects.

Thus, programmes to control pollution of rivers and lakes in India have not had the desired results.

Monitoring of programmes for control of pollution of rivers, lakes & ground water

- Inspection and monitoring of projects was inadequate at all three levels, i.e., local level, provincial/State level and federal/Central level.
- There was paucity of network for tracking pollution of rivers, lakes and ground water as there were inadequate number of monitoring stations, no real-time monitoring of water quality was taking place and the data on water quality had not been disseminated adequately.

As such, monitoring of programmes was inadequate which points to weak internal controls existing at all levels of government.

Results of programmes for control of pollution in India

River cleaning and control of pollution programmes for polluted rivers are being implemented in India since 1985. The programmes seek to address pollution from point and non-point sources through construction of Sewage Treatment Plants, low cost sanitation, electric crematoria etc. However, the data on the results of these programmes are not very encouraging. Rivers like Ganga in certain stretches, Yamuna, Gomti, Godavari, Musi, Cauvery, Coom, Mahananda, Khan, Kshipra, Vaigai, Chambal, Rani Chu, Mandovi, Sabarmati, Subarnarekha, Bhadra/Tungabhadra, Pennar, Pamba, Betwa, Krishna, Sutlej etc., continue to be plagued by high levels of organic pollution, low level of oxygen availability for aquatic organisms and bacteria, protozoa and viruses which have faecal-origin and which cause illnesses.

Most lakes in India are under threat from nutrient overloading which is causing their eutrophication and their eventual choking up from the weeds proliferating in the nutrient-rich water. Implementation programmes for preventing pollution of these lakes has had no discernible effect. Lakes like Pichola, Pushkar, Dimsagar, Banjara, Kotekere, Bellandur, Veli Akkulam, Shivpuri, Powai, Rankala, Twin lakes, Bindusagar, Mansagar, Mansiganga, Rabindra Sarovar, Mirik, Kodaikanal lake, Dal lake, Durgabari lake, Laxminarayanbari Lake, Dimsagar Lake etc., still have very poor water quality.

The data on the results of pollution control programmes for lakes and rivers is not very encouraging, especially with respect to rivers. Rivers like Yamuna in Delhi, Sabarmati in Gujarat and Musi in Andhra Pradesh are virtually dead rivers. However, there have been some success stories with respect to prevention of pollution of lakes like Nainital lake, Kotekere lake, Sharanabasaveshwara lake and Mansagar lake where water quality has improved after completion of conservation programmes.

Resources & Utilisation of Funds

Funds available for control and prevention of water pollution and restoration of wholesomeness of water were not adequate and neither were they utilised according to laid down rules and procedures.

Recommendations

- The main ministry at the federal level for pollution related issues (MoEF) responsible for control of pollution should intensify its efforts in developing biological indicators which would shed light on whether the functional integrity of aquatic ecosystems are safeguarded.
- MoEF should take into account the basin approach while planning for reduction of pollution of all rivers and lakes in the country.
- MoEF needs to establish enforceable water quality standards for lakes, rivers and ground water that would help protect human and ecosystem health. Penalties need to be levied for violations of water quality standards. Further, MoEF, in conjunction with Ministry of Agriculture, needs to develop standards for pollutants like nitrogen, phosphorus etc., which arise from agricultural practices, use of pesticides and fertilisers as pollution from agricultural sources is one of the biggest non-point source of pollution.

Articles

- Right now, there are multiple agencies involved in river and lake conservation, right from planning to implementation and monitoring. There is a need to consolidate all these functions under an umbrella agency for better coordination and accountability.
- Citizens Monitoring Committee and Local level lake monitoring committees need to be constituted to provide feedback for more effective implementation.
- Monitoring network should be strengthened by converting all monitoring locations into stations and reclassifying them as baseline, trend and flux stations for achieving better quality data. MoEF should also start real time monitoring so that red flags are raised immediately when pollution levels rise alarmingly and remedial action can be taken in time

5. Impact and results

The report was presented to the Parliament in December 2011 and was widely reported in the press. At the time of the exit conference to discuss the audit report, MoEF committed to set up a committee to draw up a roadmap to implement audit recommendations in the report. The Committee consisted of representatives of MoEF and Ministry of Water Resources, Ministry of Urban Development and a representative of CAG. The Committee in came out with proposals like a time-bound action plan to address capacity issues related to sewage treatment, an amendment to the Environment (Protection) Act, 1986 to link penalties for contravention of the Act, strengthening of Water Quality Assessment Authority, constitution of a State-level Monitoring Committee etc., to implement the recommendations made by SAI India in its report. The report was also discussed in Public Accounts Committee (PAC) termed water pollution as a "national crisis" and decided to summon officials of at least six central ministries: Ministry of water resources, agriculture, urban development, Panchayati Raj, rural development and sanitation and drinking water to find a multi-agency approach to deal with the situation.



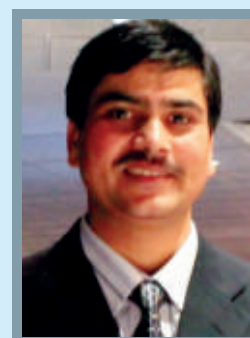
Newspaper reports on SAI India's audit

Evaluating usefulness of Internal Audit: An External Auditor's perspective

Chandra Kanta Bhandari, FCA
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1. Introduction

The Institute of Internal Auditors (IIA) defines Internal auditing as an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes. The definition states the fundamental purpose, nature, and scope of internal auditing.



Internal audit is an important function in any organization. An effective internal audit will strengthen the risk management framework and related internal control structure of an organization, thereby contributing to the fulfillment of organizational objectives as part of good corporate governance.

Internal audit derives credibility and authority for its functions directly from its mandate and indirectly by virtue of its close relationships with the chief executive and other senior management of an organization. A formal, approved internal audit charter (or equivalent document) is the mechanism by which senior management communicates to the organization its view of the importance it attaches to the internal audit function, the role of audit and its independence. A comprehensive charter include, as a minimum, the mission, objectives, powers and functions of internal audit, a statement of its independence and the source of its authority, reporting and accountability mechanisms; and organizational and administrative arrangements.

2. Relationship between Internal and External Auditors

The role and objectives of the internal audit function are determined by management and, where applicable, those charged with governance. The prime objective of internal audit function differs from that of the external auditor who is appointed to report independently on financial information. Nevertheless, some of the means of achieving their respective objectives are often similar and thus much of the work of the internal auditor may be useful to the external auditor in determining the nature, timing and extent of her/his procedures.

Irrespective of the degree of autonomy and objectivity of the internal audit function, such function is not independent of the entity as is required of the external auditor when expressing an opinion on financial statements. The external auditor has sole responsibility for the audit opinion expressed, and that responsibility is not reduced by the external auditor's use of the work of the internal auditors.

The external auditor should, as part of his audit, evaluate the internal audit function to the extent s/he considers that it will be relevant in determining the nature, timing and extent of her/his test of control and substantive procedures. Depending upon such evaluation, the external auditor may adopt less extensive procedures than would otherwise be required.

3. Determining Whether and to What Extent to Use the Work of the Internal Auditors

Though prime objective of the internal auditors differs with that of the external auditors, the work of internal auditors may still be useful to the external auditors. In this context, International Standards on Auditing (ISA) 610 provides guidance on this regard. Similarly, International Standards of Supreme Audit Institutions (ISSAI) 1610 provides practice notes on using the work of internal auditors in public sectors. In using work of internal auditors, the external auditor should determine:

- (a) Whether the work of the internal auditors is likely to be adequate for purposes of the audit; and
- (b) If so, the planned effect of the work of the internal auditors on the nature, timing or extent of the external auditor's procedures.

In determining whether the work of the internal auditors is likely to be adequate for purposes of the audit, the external auditor should evaluate:

- (a) The objectivity of the internal audit function;
- (b) The technical competence of the internal auditors;
- (c) Whether the work of the internal auditors is likely to be carried out with due professional care; and
- (d) Whether there is likely to be effective communication between the internal auditors and the external auditor.

In determining the planned effect of the work of the internal auditors on the nature, timing or extent of the external auditor's procedures, the external auditor should consider:

- (a) The nature and scope of specific work performed, or to be performed, by the internal auditors;
- (b) The assessed risks of material misstatement at the assertion level for particular classes of transactions, account balances, and disclosures; and
- (c) The degree of subjectivity involved in the evaluation of the audit evidence gathered by the internal auditors in support of the relevant assertions.

3.1 Status of Internal Audit in the entity

The status of the internal audit function within the entity has direct impact on objectivity of the internal auditors. The effect of such status has on the ability of the internal auditors to be objective. For both external and internal auditors, their independence from those whom they audit is crucial for the success of their function. For internal auditors it is more difficult to achieve independence because they are actually employees of the organization they audit.

Whether the internal audit function reports to those charged with governance or an officer with appropriate authority, and whether the internal auditors have direct access to those charged with governance are the matters to be considered while evaluating the objectivity of the internal audit function.

As per International standards for the Professional Practice of Internal Audit (IIA Standards), the internal audit activity must be independent, and internal auditors must be objective in performing their work. The chief audit executive must report to a level within the organization that allows the internal audit activity to fulfil its responsibilities. The chief audit executive must confirm to the board, at least annually, the organizational independence of the internal audit activity. The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results. The chief audit executive must communicate and interact directly with the board. Internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest.

Whether those charged with governance oversee employment decisions related to the internal audit function has an impact on objectivity of internal audit. Whether there are any constraints or restrictions placed on the internal audit function by management or those charged with governance which impairs the objectivity of the internal audit function.

3.2 Roles and responsibilities of Internal Audit

While evaluating the objectivity of internal audit function, the external auditor is required to consider the following points:

- Has the purpose, authority and responsibility of the internal audit function been formally defined in a charter and approved by the audit committee or equivalent authority?
- Does the charter define the nature of consulting services that the internal audit function may perform without compromising the value of its assurance role?
- Is the head of internal audit free from any operational responsibility that might impair independence and objectivity?
- Whether the internal auditors are free of any conflicting responsibilities.
- Whether internal auditors face no obstruction to audit regardless of offices, records, property and personnel.
- Whether internal auditors have regular access to the senior official.
- Whether internal audit chief is free to allocate resources, set frequencies, select subjects, determine scope of work and apply the techniques.
- Whether internal auditors are free to obtain the necessary assistance of personnel in areas of the audit performed.
- Whether policy is there to maintain internal auditors' objectivity about the areas audited, including policies prohibiting internal auditors from auditing areas where their close relatives are employed in important or audit-sensitive positions or areas where there exists conflict of interest.

3.3 Reporting framework and management responses

Reporting arrangement and management responses on it has bearing on the objectivity of the internal audit function. While evaluating objectivity, the external auditors should consider on:

- Whether internal auditors are free to produce audit reports,
- Whether, and to what extent, management acts on the recommendations of the internal audit function, and how such action is evidenced,
- Does the head of internal audit report directly to the audit committee on its plans and findings?
- Does the head of internal audit have direct access to the chair of the board?

To perform their role effectively, internal auditors require organizational independence from management, to enable unrestricted evaluation of management activities and personnel. Although internal auditors are part of entity and paid by the entity, the primary customer of internal audit activity is, typically, the Audit Committee, a sub-committee of the Board of Directors/ or similar. To provide independence, most Chief Audit Executives report to the Chairperson of the Audit Committee and can only be replaced with the concurrence of that individual.

ISSAI 1610 provides guidance to the public sector auditors in their determination of whether the work of the internal auditor is likely to be objective for the purposes of their audit and prescribes that where the internal audit function is established by legislation or regulation, and the following criteria are met, there is a strong indication that the internal audit function may be presumed to be independent:

- a) is accountable to the head or deputy head of the government entity or to those charged with governance,
- b) reports the audit results both to the head or deputy head of the government entity and those charged with governance,
- c) is located organizationally outside the staff and management function of the unit under audit,
- d) is sufficiently removed from political pressure to conduct audits and report findings, opinions, and conclusions objectively without fear of political reprisal,
- e) does not permit internal audit staff to audit operations for which they have previously been responsible for to avoid any perceived conflict of interest, and
- f) has access to those charged with governance.

3.4 Qualification (academic and professional) and membership of Internal Auditors

When assessing the internal auditors' technical competence, the external auditor should obtain or update information about such factors as -

- The internal auditor's education; academic and professional certification, training, skills and expertise,
- Professional experience of internal auditors,

- Continuing professional education,
- Training and capacity development program
- Whether the internal auditors are members of relevant professional bodies.

While assessing knowledge and skill element, external auditors should look into the factors that are essentially required to work as internal auditors. Such elements can be financial accounting, auditing and analytical skills, legal, techniques, types of control (preventive, detective, directive and corrective), communication techniques, red flags (indicators of fraud such as unauthorised transaction, overrides of controls, unexplained pricing exceptions or unusually large losses), types of fraud, computer knowledge, ethics, cost accounting, risk management, concepts and management techniques, ISO Framework, Total Quality Management, globalisation, forensic auditing, business improvement audit, e-audit etc.

3.5 Policies regarding hiring and training internal Auditors

To ensure whether internal auditors have technical competence to carry out their functions as internal auditors, s/he needs to examine whether there exists the standard policy to hire the internal auditors and to train them for the knowledge and skill gap.

The audit entity should have the policy to hire the persons having appropriate academic and professional qualification to work as internal auditors. The professional qualifications may be Certified Internal Auditor, Certified Public Accountant, Chartered Accountant, ACCA or equivalent. Further, there should be the policy that the person being hired is a member of professional body. This type of provisions in the hiring policy ensures the technical competency of the internal auditors.

Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development. The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The quality assurance and improvement program must include both internal and external assessments.

When policy to hire only the qualified persons as internal auditors is in existence, it provides external auditor the basis to ensure that the internal audit work has been performed by the competent persons. This may lead him to use the work of internal auditors.

3.6 Existence of Guiding documents

The existence and adequacy of guiding documents such as internal audit policy, standards, audit charters, code of ethics, audit manuals or other similar documents, work programs and internal audit documentation is of great importance for the purpose of determining whether internal auditors' work is useful to the external auditors.

To be the internal audit function effective, it should be mandated clearly by the charters, by laws or other equivalents. In these documents roles and responsibility of internal auditors should be spelled out clearly. To carry out the roles and responsibilities spelled out in the mandate, the entity should have standards, guidelines and manuals. These documents may be in line with the standards

pronounced by the professional organizations such as ISAs, IIA Standards, ISSAIs in case of public sector or other national standards. Existence of these documents enhances the credibility of the work of internal auditors as this indicates that internal audit function is being carried out in accordance with acceptable global standards.

The presence of an audit charter is considered of utmost importance for internal auditor and those with whom they interact. The Audit charter includes the various types of audit responsibility or task to be undertaken, the authority held, delineation of procedures of responding to audit reports, delineation of procedures for issuing audit reports.

Similarly, existence of standards, guidelines and manuals help internal auditors to plan their audit work, to prepare audit program, to assess risk, and to identify the activities to be undertaken.

3.7 Internal audit execution in accordance with guiding documents

When it is ensured that to guide internal auditors about their roles and responsibilities and to guide them the way to perform their duties, there exists the guiding documents like audit charter, standards, guidelines, manuals and the similar documents. Next step to be considered by external auditors to evaluate internal auditors' work is to ensure that whether provisions laid down in such guiding documents are followed in actual performance of internal audit work.

In this regard, external auditor should ascertain whether internal audit work appears to be properly planned, supervised, reviewed and documented in accordance with acceptable standards.

The external auditor should ascertain the nature and depth of coverage of the assignment which the internal auditor discharges for management. S/he should also ascertain to what extent the management considers, and where appropriate, acts upon internal audit recommendations.

Internal auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Internal auditors must exercise due professional care by considering the:

- Extent of work needed to achieve the engagement's objectives;
- Relative complexity, materiality, or significance of matters to which assurance procedures are applied;
- Adequacy and effectiveness of governance, risk management, and control processes;
- Probability of significant errors, fraud, or non-compliance; and
- Cost of assurance in relation to potential benefits.

3.8 Power of Internal Auditors to communicate and to coordinate with external Auditors

Internal audit function is considered more reliable and effective when internal auditors are free to openly communicate with the external auditors. This helps internal auditors to carry out their function in more systematic way.

ISA 610 on Using the Work of Internal Auditors discusses that communication between the external auditor and the internal auditors may be the most effective when the internal auditors are free to communicate openly with the external auditors, and:

- Meetings are held at appropriate intervals throughout the period.
- The external auditor is advised of and has access to relevant internal audit reports and is informed of any significant matters that come to the attention of the internal auditors when such matters may affect the work of the external auditor.
- The external auditor informs the internal auditors of any significant matters that may affect the internal audit function.

When there is arrangement for effective communication between internal auditors and external auditors, it provides the better basis for determining to use the work of internal auditors.

Through effective communication, external auditor can get reliable and relevant information about the financial affairs of the entity in time and the procedure applied by the internal auditors. This ultimately contribute to conclude the audit in timely manner with due regard to the less costly, efficiency and effectiveness.

Where there is system of effective communication between internal auditors and external auditors, it becomes easier to coordinate one another. For the purpose of coordination, it is desirable that the external auditor ascertains the internal auditor's tentative plan for the year and discusses it with him at as early stage as possible to determine areas where s/he considers that s/he could rely upon the internal auditor's work. Where internal audit work is to be a factor in determining the nature, timing and extent of the external auditor's procedures, it is desirable to plan in advance the timing of such work, the extent of audit coverage, test levels and proposed methods of sample selection, documentation of the work performed, and review and reporting procedures.

In some cases, the external auditors, in performing the audit, may request direct assistance from the internal auditors. This direct assistance relates to work the external auditors specifically request the internal auditors to perform to complete some aspect of the auditor's work. For example, internal auditors may assist the external auditor in obtaining an understanding of internal control or in performing tests of controls or substantive tests, consistent with the guidance about the auditor's responsibility. When direct assistance is provided, the external auditors should assess the internal auditors' competence and objectivity and supervise, review, evaluate, and test the work performed by internal auditors to the extent appropriate in the circumstances.

4. Considering the combined effect of determining factors discussed above

We have discussed about the factors that should be evaluated by external auditors for the purpose of determining whether to use the work of internal auditors or not. Here, our discuss needs to be focused on what is the relationship between the factors so evaluated. Whether these factors are independent and evaluation can be made separately. If relationship exists between the factors, the type of relationship will be explained.

Several studies have largely attempted to rank order the importance of the three factors (competence, objectivity, and work performance) enumerated in professional standards. These studies provides guidance on the interrelationships among these factors and how such an interrelationship should affect evaluation of, and reliance on, the Internal Audit function. A greater understanding of the importance of the factors that determine the strength of the internal audit function and the interactions among the factors can help auditors gain an understanding of the internal control structure of the client, and can lead to a more accurate assessment of risks, thus improving audit efficiency and effectiveness.

From the matters discussed in preceding paragraphs it seems reasonable to expect that no single factor should dominate an external auditor's evaluation of the internal audit function under all conditions, without regard to the interactions and interrelationships among the factors. For instance, an external auditor may ordinarily increase belief in the proposition that the internal audit function is strong, if the work performance is good. However, if the auditor learns that the internal auditor is not objective, then the inferential value from internal auditor's work might be reduced because the work may not be reliable.

It is fact that the strength of the internal audit function vary due to interrelationships among the factors (objectivity, work performance, competence and communication) identified by auditing standards. Technical competence has impact on work performance, i.e., technical competence is an important determinant of work performance. One would also expect work performance to be dependent on objectivity since an objective and independent auditor is more likely to make judgments that improve work performance.

Work performance if either objectivity or competence is negative, can not be considered as effective. Since the internal auditors without having sufficient technical expertise can not perform their duties properly. Similarly, in a situation where, internal auditor's status in the entity is not encouraging and internal auditors can not freely communicate and coordinate with external auditors, there is impact on the work of internal auditors.

To sum up, all factors are equally significant to evaluate the work of internal auditors. Interrelationship among the factor should be considered for determining whether to use the work of internal auditors. Synergistic effect of all the factors provides the corroborative evidence to conclude about the reliability of the work of the internal auditors.

5. Concluding about usefulness of Internal Auditor's work

The external auditor's evaluation of the internal audit function will assist him in determining the extent to which he can place reliance upon the work of the internal auditor. The external auditor should document his evaluation and conclusions in this respect. The important aspects to be considered in this context are the evaluations made by him on different factors discussed above.

From discussion above, we came to know that external auditor before determining to use the work of internal auditor; external auditors are required to make their evaluation regarding objectivity, technical competence, work performance of internal auditor and the power of internal auditors to openly communicating and coordinating to the external auditors. Further, we have to regard the interrelationship among the factors evaluated.

If the auditor determines that the internal auditors are sufficiently competent and objective, the external auditor should then consider how the internal auditors' work may affect her/his audit.

Based on above consideration, external auditor decides whether there will be the effect of internal auditors' work on the Nature, Timing or Extent of the External Auditor's Procedures. Once decided to use internal auditor's work to determine nature, time and extent of external audit procedure, it may be useful to agree in advance the following matters with the internal auditors:

- The timing of such work;
- The extent of audit coverage;
- Materiality for the financial statements as a whole (and, if applicable, materiality level or levels for particular classes of transactions, account balances or disclosures), and performance materiality;
- Proposed methods of item selection;
- Documentation of the work performed; and
- Review and reporting procedures.

In this way, the external auditor should perform procedures to evaluate the quality and effectiveness of the internal auditors' work that significantly affects the nature, timing, and extent of her /his procedures. The nature and extent of the procedures the auditor should perform when making this evaluation are a matter of professional judgment depending on the extent of the effect of the internal auditors' work on the external auditor's procedures for significant account balances or classes of transactions and the financial statements taken as a whole.

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New Heads of SAIs

New Heads of SAIs

Mr. Aslan Mussin, the Chairman of the Accounts Committee for Control over Execution of the Republican Budget of the Republic of Kazakhstan.

Mr. Aslan Mussin was appointed Chairman of the Accounts Committee for Control over Execution of the Republican Budget on 21 September 2012 by the Decree of the President of the Republic of Kazakhstan. According to the Constitution of the Republic of Kazakhstan, the Chairman of the Accounts Committee is appointed by the President for a five year term.

Mr. Aslan Mussin was born on 2 January 1954. In 1975 he graduated from the Almaty National Economy Institute with the economist qualification, whereupon he began his career in the Aktobe Regional Statistical Office.



He has worked as Chairman of Aktobe Regional State Anti-Monopoly Committee, Head of the Aktobe Regional Office of Economy, Akim (Governor) of Aktobe Oblast (Region), Akim of Atyrau Oblast, Minister of Economy and Budget Planning, Deputy Prime Minister of the Republic of Kazakhstan.

In August 2007 he was elected as Deputy of the Majilis (lower house) of the Parliament of the Republic of Kazakhstan, from September 2007 he has worked as Chairman of the Majilis of the Parliament. From 2008 he was the Head of the Executive Office of the President of the Republic of Kazakhstan.

Mr. Aslan Mussin is a member of the Political Council and Bureau of the "Nur Otan" People's Democratic Party.

He was awarded with the "Kurmet" (1999), "Barys" of III degree (2004), "Barys" of II degree (2010) orders, anniversary and memorial medals, as well as the Order of "Nations Friendship" (Russia, 2004).

For more information, please contact the Accounts Committee for Control over Execution of the Republican Budget of the Republic of Kazakhstan– E-mail: ir@kazai.kz, Website: www.esep.kz.

New Head of SAI Philippine

The Philippine Commission on Audit (COA) is, for the first time in the Commission's 113 years' existence, headed by a lady – perky and energetic Ma. Gracia M. Pulido-Tan, a Lawyer and Certified Public Accountant. She was appointed Chairperson of the Philippine SAI by the President of the Republic of the Philippines, His Excellency Benigno S. Aquino, III, in April 2011 for a term ending in 2015.

She made her debut in the XIIth ASOSAI Assembly in Jaipur, India where the Philippine SAI was elected member of the Governing Board for 2012-2015. She was accompanied by Commissioner Heidi L. Mendoza, who was appointed along with her in April 2011 as one of two Commissioners of the Philippine SAI.

Chairperson Tan brought to the Commission impeccable academic and professional credentials, and a wealth of experience and multidisciplinary expertise in law and accounting, finance, management and governance acquired in her 30 years of professional work as private law and accounting practitioner, government official, and international consultant.

She avows, however, that her best credentials are being a faithful and engaging wife of 29 years to an accomplished lawyer, and a hands-on mother to five strongly spirited and high achieving children, to whom she has evidently passed grit and character much like her own.

Indeed, excellence marks Chairperson Tan both as a woman and as a professional. She was a scholar and honor student at the University of the Philippines where she finished her accounting and law degrees, and at the New York University where she obtained her LIM in Tax. She started her career with the biggest law firm in the Philippines and had a brief stint at (then) Peat Marwick Main & Co. in New York City. Soon after, she co-founded Tan Venturanza Valdez, a Philippine law firm specializing in tax, corporate and securities laws, where she carried out most of her private practice. In 2002, she yielded to government service as Commissioner of Good Government and moved on to become Undersecretary of Finance for Revenue Operations. Thereafter, she worked as international consultant of projects funded by development agencies, particularly in tax reform and governance.

As Chairperson now of the Commission, she finds that her career has come full circle – from defending revenue assessments and disallowances against private persons, to issuing revenue assessments and notices of disallowance against government officials and employees. The path that her career has taken has given her, she says, an intimate knowledge of the cracks in institutions and processes, the insidious ways by which implementers and users alike exploit them, and the tantalizing temptations that subjugate the weak of heart. In all, she has maintained an untarnished reputation of integrity, for which she has gained deep respect and credibility.

New Acting Auditor General of Thailand

The Office of the Auditor General of Thailand would like to inform you that Mr. Pisit Leelavachirapas, Deputy Auditor General, has retired as Acting Auditor General since September 30, 2012 and Ms. Prapee Ankinandana is presently the Acting Auditor General. Therefore, please refer all matter concerning the OAG Thailand to Ms. Prapee Ankinandana, Deputy Auditor General, Acting Auditor General as the following contact details:

Office of the Auditor General of Thailand
Soi Areesampan, Rama VI Road
Bangkok 10400, Thailand
Tel : 66 2273 9018 ; Fax : 66 2618 5772
e-mail : prapee_a@oag.go.th, int_rela@oag.go.th

12th meeting of the Steering Committee of INTOSAI Working Group on Environmental Auditing (WGEA) at Jaipur, India



Mr. Vinod Rai, Comptroller and Auditor General of India inaugurated the 12th meeting of the Steering Committee of INTOSAI Working Group on Environmental Auditing (WGEA) which was held from 4th to 6th October, 2012 at Jaipur. Delegates from 13 member SAs, including India, participated.

In this meeting, all the Steering Committee members exchanged their views and ideas on the following topics:

- Rio+20 project and information about the UNEP World Congress
- Process of developing WGEA guidance material & research paper
- Auditing Water issues
- Fraud and Corruption
- Environmental & Sustainability reporting
- Land use and Management practices
- Wildlife Conservation & Tourism
- Work Plan 2014-2016 of WGEA, etc.

VII EUROSAI – OLACEFS Conference Good Governance in Public Sector: Role of SAIs



Overview

On 17-19th September the VII EUROSAI – OLACEFS conference was held in Tbilisi, Georgia. The theme of the Conference was “Good Governance in Public Sector: Role of SAIs”. The topic was aimed at addressing the increasing demand of the citizens for the better public administration and public funds management in the times of financial hardship for the governments and highlighting the possibilities for SAIs to contribute to better accountability, transparency and efficiency of the government activities. Under the heading there were 2 sub-topics that are pivotal for the SAI for effectively carrying out its functions: Enhancing Management Integrity, Accountability and Tone at the Top and facilitating Public Financial Management Reform.

The conference was succession of the cooperation started since 2000 between the EUROSAI and OLACEFS within the INTOSAI community that envisages sharing experience and best practices between its members and various Working Groups on important public audit issues for continuous improvement of quality of SAI work.



The event coincided with the 20th Anniversary of the State Audit Office of Georgia and hosting the event gave SAI the opportunity to share its own experiences and challenges in establishing the State Audit Office as an important player of Public Financial Management with the participants.

Session I – Enhancing Stakeholder Confidence: Auditing Management Integrity, Accountability and 'Tone at the Top'

Credibility is a key factor for Supreme Audit Institutions and it can be achieved by enhancing accountability, transparency, integrity and tone at the top within these organizations. This session was presided by the SAI of Portugal as president of EUROSAL.

As it was stated by the EUROSAL members in the last Congress, held in Lisbon, “transparency and accountability are both democratic values and are fundamental for good governance. Accountability is a broad concept including a wide range of responsibilities for public managers, such as professional and management skills, compliance with financial and other regulations, meeting performance expectations and ethical conduct”.

SAI of Portugal in its presentation highlighted the importance of having methodological base for ensuring ethical government that consists of audit manual describing strategies and rules for ethical behavior. ISSAI 30, the INTOSAI Code of Ethics, is also a constant reference for auditors. But provisions for the ethical behavior is not enough, so SAls should look into the implementation measures as well. The SAI of Portugal looks at 3 aspects of ensuring the ethical behavior:

- guidance
- management
- control

For each of these certain actions are needed: guidance can be reinforced by detailed advice for the code of ethics and training, the management should favor ethical behavior of its employees and making ethical criteria for annual performance evaluations. For control measures, checklists and internal audits have been considered. Following proposals of the Portuguese Presidency, the EUROSAL Governing Board agreed to set up a Task Force to deal with Audit & Ethics, aiming primarily to promote ethical conduct and integrity, both in SAls and in public organizations. The goal of the EUROSAL Task Force on Audit & Ethics, as ethics in SAls is concerned, is to reinforce, frame and provide robustness to the management of ethical conduct, with practical and feasible tools that intend to help the institutions in their everyday work.

Spanish Court of Audit presented an interesting case showing the positive contribution the SAI can have on the accountability in public sector. In 2003 the Court of Audit reported to the Spanish Parliament that there were problems regarding the accountability of the Local Public Sector and informed about the possible legal and administrative solutions that could be adopted in order for the Local Entities to render their accounts complete and within the legally established deadlines. In response to this the Information and Communication Technology was introduced that significantly improved the reporting and reviewing activities of the local governments.

After successfully establishing the electronic reporting system, the Spanish court of Accounts made the reports and accounts of the local governments publicly available that besides facilitating audit activities, increased transparency and accountability to the citizens.

The Turkish Court of Accounts in its presentation emphasized the importance of the high quality of its own work and the need to follow the high moral values for achieving it. Besides the conventional means of achieving the right tone at the top and independence such as broad mandate laid out in the constitution, the TCA recently established audit management software program that enables to organize audit work and gives management the opportunity to monitor the findings and working documents.

The Brazilian Court of Accounts presented the recent peer review that has been carried out by the Organization for Economic Cooperation and Development (OECD). The purpose of peer review is to assess the audit of the annual financial statement of the federal government of Brazil. Potential benefits of such reviews among others are:

1. Report prepared by a multilateral institution (OECD) with broad knowledge of planning, budget, finances, accounting, governance, transparency, accountability, and so on
2. Multidisciplinary team
3. Peer review performed by various countries

Session II – Public Finance Management Reform: Trends and Lessons Learned

In order to live up to the high expectations of the society and further reinforce the principles of good governance, many governments are embarking on significant modification of their Public Financial Management Systems. The PFM serves as an overarching framework under which many facets of public financial administration are improved. The PFM concerns such vital issues of public financial administration as budget planning and execution, establishment of public internal controls and internal audit, procurement, accounting and IT systems, treasury, etc. These issues constitute the very core of the public financial management and ultimately, the good governance.

There are a number of similarities in the implementation of the PFM within the EUROSAI, as countries aspire to fully implement common guidelines and best practice regarding the public financial management. Naturally, countries are on different stages of the process, and potential to gain from each other's experience is significant for state agencies as well as for SAIs. SAIs contribute to the implementation of the PFM, being one of the key players. They take part in the PFM reform in many ways: participating in the formulation and refinement of clear budgetary, financial, accounting, internal controls and related legislation; by auditing PFM reform as a whole or separate parts of PFM system and key issues, sparking national debates on many pressing issues about the management of public funds.

1. Recent developments have clearly demonstrated the importance of reasonably planned and executed fiscal policy ensured in mid and long term period. Consequently role of the SAIs work have significantly increased from specific audits to the fiscal discipline and fiscal sustainability issues:
 - 1.1. Debt Management – to increase oversight and performance of in executive and operational public.
 - 1.2. Risk management and vulnerability analysis – enforce and encourage risk assessment and management at agency level and PFM level as a whole.

- 1.3. Improved reporting framework and increased monitoring & control of external audit function of state agencies and financial institutions.
2. Contribution to PFM reform:
 - 2.1. Legislative initiative by SAI to improve main regulatory PFM framework of the country a comprehensive, clear and implemented legal framework for PFM should be:
 - Structured according to the PFM structure in the country
 - With simple and transparent regulations-avoiding redundant bureaucracy
 - Promoting accountability and making the cooperation with the SAO obligatory (e.g. in Hungarian case)
 - 2.2. Performance audit by SAI of PFM reform or reform component to identify systemic deficiencies and respond to them in timely manner
3. Disseminations of good practices – SAI should identify and disclose not only deficiencies and irregularities found out during the course of audits, but good practices as well, to share knowledge and promote their role as advisor and partner along with evaluator.
4. Guidelines - existence of guidelines solely does not guarantee that the goals envisaged by the guideline would be achieved, as in the case of Public Debt best practices and ISSAI guidelines that have already existed before the financial crisis.

TBILISI STATEMENT

EUROSAI and OLACEFS gathered at their VII joint Conference, held in Tbilisi (Georgia) on 17-18 September 2012,

Recognize:

- The economic and social environment and citizens' demands require reforms from States aimed at managing public resources more efficiently, according to principles of accountability, transparency and integrity, thus ensuring fiscal sustainability;
- As stated in the United Nations Resolution A/66/209 of 22 December 2011, SAIs play an important role in promoting the above-mentioned principles. In order for SAIs to contribute to greater accountability of public institutions, it is essential to ensure their independence and the high quality of their work, increasing the confidence of their stakeholders;
- Sound strategies, internal and external communication, ethical requirements, quality control mechanisms and monitoring are key elements for SAIs to attain a "tone at the top" operation. IT developments and peer reviews are valuable instruments for enhancing SAIs' capacities and their accountability and transparency, thereby increasing the trust of citizens;
- SAIs substantially contribute to good governance in safeguarding and sustaining the efficient control functions developed by parliaments, issuing recommendations aimed at reinforcing public management and providing public bodies and society with information on these matters;

- The practices and experiences of each SAI represent a valuable source of information for the others, so cooperation becomes a masterpiece for improving public management and external audit at global level, taking advantage of international synergies;

Encourage:

- Both Organizations to spread these principles within their regional communities and to work together in order to audit and promote greater efficiency, accountability, effectiveness, integrity and transparency in public management for the benefit of citizens;
- Their Members to lead by example, improving the quality of their work and raise awareness of the values and benefits of the SAIs in achieving good governance;
- Both Organizations to intensify cooperation within INTOSAI community, through their diverse levels of decision making and working structures, in order to get the maximum synergies of each other and to achieve the greatest impact from their common action;
- The Presidents and the Secretaries General of EUROSAI and OLACEFS to forward the Statement to the President and Secretary General of INTOSAI, the Presidents and the Secretaries General of the other INTOSAI Regional Working Groups, as well as to other stakeholders.

The 5th Meeting of INTOSAI Working Group on Accountability for and Audit of Disaster-related Aid



Turkish Court of Accounts (TCA) hosted the 5th Meeting of the INTOSAI Working Group on Accountability for and Audit of Disaster-related Aid (AADA) on October 23-27, 2011 in Antalya, TURKEY.

The Working Group on Accountability for and Audit of Disaster-related Aid was established by taking into account the lack of a clear information structure and the risk of insufficient accountability for aid flows and the problem of high susceptibility to waste, fraud and corruption identified at the XIXth INCOSAI in Mexico, 2007. The Working Group has focused on the development of guidance and good practice in the area of accountability by concentrating on activities directed to stakeholders (multilaterals, aid organisations, governments, private auditors), and in the area of audit by Supreme Audit Institutions. Within this Working Group, TCA is responsible for two separate tasks which are the preparation & elaboration of the guidance for auditing disaster-preparedness, and the organization and coordination of a parallel audit, on the basis of the Draft Audit Guidelines on disaster preparedness.

The 5th meeting of Working Group started with the welcome speech of Dr. Recai Akyel, President of the Turkish Court of Accounts and host of the meeting, and the introductory speech of Mr. Gijs de Vries, Member of the European Court of Auditors (ECA) and Chairman of the Working Group. At the meeting, Mrs. Margareta Wahlström, UN Special Representative of the Secretary-General for Disaster Risk Reduction delivered a speech on international initiatives on disaster risk reduction and government accountability in this area. Video message of Claus Sorensen, Director-General of DG Humanitarian Aid and Civil Protection (ECHO) of the European Commission was transmitted and a presentation on IFAF from a donor's perspective: accounting for EU humanitarian aid by Mr. Vijay Bhardwaj, Head of Unit, DG ECHO was made. Mrs Lyn Provost, Controller and Auditor-General of New Zealand shared their own experience of auditing disaster-related aid. Besides, Mr. Adlai Goldberg, Partner, Ernst & Young, made a presentation on the sustainability of the humanitarian aid cycle. During the meeting, all members of WG shared the progress made on the tasks for which they are responsible and discussed the revised versions of draft guidance documents.

The following SAls are members of the INTOSAI Working Group-AADA:

European Court of Auditors (Chair)	Jamaica	Philippines
Indonesia	Japan	Sri Lanka
Netherlands (Vice Chair)	Kenya	South Africa
Austria	Korea	Turkey
Chili	Norway	Ukraine
France	Pakistan	United States
Georgia	Peru	

For more information on other activities of the Working Group on Accountability for and Audit of Disaster-related Aid please visit the website of the INTOSAI Working Group AADA at <http://eca.europa.eu/portal/page/portal/intosai-aada/home>.

On October 25, 2011, the kick-off meeting of parallel/coordinated audits on disaster preparedness was held in Antalya, TURKEY



Within the INTOSAI Working Group on Accountability for and Audit of Disaster-related Aid, Turkish Court of Accounts (TCA) has organized a parallel audit on disaster-preparedness. Main purposes of this parallel audit are to provide input for the draft Audit Guidelines on disaster preparedness, which was prepared and has being improved by TCA, to test it, and to improve its contents.

During the kick-off meeting, the main elements of audit design according to the INTOSAI auditing standards were evaluated; the preliminary schedule for parallel audit was elaborated and discussed with the participating SAs. Besides it was advised that audit scope should be specified by looking from a broad perspective. Shortly, a framework of auditing of disaster preparedness was tried to draw.

SAs of Azerbaijan, Chile, India, Indonesia, Netherlands, Pakistan, Philippines, Romania, Ukraine, Turkey (Lead) volunteered to participate in the parallel audit. At the end of this joint initiative, it is expected from this cooperation among the mentioned SAs to create a synergy, and obtain good results in the field of auditing of disaster preparedness.

VFM (Value for Money) Audit Training Programs Conducted by the Turkish Court of Accounts (TCA)

Turkish Court of Accounts (TCA) conducted VFM (Value for Money) audit training programs for the Kazakhstan and Mongolia SAs.

Delegations from Kazakhstan, consisting of Members, Heads of Departments and auditors, attended the VFM audit training programs conducted twice, first between 18 and 22 of July 2011 and then between 17 and 21 October 2011 in Ankara.

And on 04 – 15 June 2012, the same training program was conducted for a delegation from Mongolian National Audit Office (MNAO), consisting of 10 colleagues. Head of Performance Audit Department and auditors from various parts of MNAO attended the two-week training program.

The programs covering theoretical and practical training gave us the opportunity to share the Turkish experience regarding VFM audit. The topics covered were as follows: Audit Standards, Principles and Procedures of Performance Audit, Comparison of Performance Audit and Performance Evaluation, Understanding the Entity and its Environment, Selection of Performance Audit Topics, Audit Objective, Issue Analysis, Main Question and Sub-Questions, Question Pyramid, Developing Audit Criteria, Identify Audit Approach, The Design Audit Matrix, Methods of Gathering Evidences, Interview and Focus Group, Survey, Examine of Documents - Observation, Data and Evidence Analysis, Field Work, Developing Audit Conclusions and Recommendations, Working Paper, Documentation of Audit Evidence, Reporting, Follow-up Stage of Performance Audit, IT Audit, Audit Management.

In addition to these, a training program covering public administration accounts and final account transactions were conducted for a delegation of four colleagues from SAI Azerbaijan between 16 and 20 July 2012.

The program covered Public Financial Management and Control, General Overview of the Turkish Public Accounting System, Final Account Process and the Framework of the General Conformity Statement, Final Accounts by Institutions and the Consolidation Efforts, Treasury Transactions, Preparation of the General Conformity Statement, Computer Assisted Audit Techniques and sharing the Turkish experience on these matters.

At the conclusion of the training programs, the certificates of attendance were given to the participants by President Assoc. Prof. Dr. Recai Akyel. During the evaluations following the training programs, the necessity of the improvement of cooperation between SAIs and promoting the sharing of experiences and knowledge via joint training and audit activities were discussed and especially the importance of increasing these kinds of training programs was underlined.

Governing Board Meeting of the EUROSAI

The 39. Governing Board Meeting of the EUROSAI was held on 28 May 2012 in Ankara, Turkey. All Governing Board Members (Belgium, ECA, Poland, Portugal, Spain, The Netherlands, Turkey and Ukraine) and Observers (Austria, Hungary, Norway, Russian Federation and the United Kingdom), as well as four guest countries (Czech Republic, France, Germany and Switzerland) attended the Meeting.

Issues regarding strengthening external audit and Supreme Audit Institutions, implementation of EUROSAI Strategic Plan and cooperation between EUROSAI members were discussed during the meeting. Supreme Audit Institutions of Russian Federation and Poland were elected as the representatives of EUROSAI on the INTOSAI Governing Board for the term 2013 – 2019.

ASOSAI WGEA holds its 4th Seminar and 3rd Working Meeting in Malaysia

From 18th to 20th, September 2012, the 4th Seminar on Environmental Auditing and the 3rd Working Meeting of ASOSAI WGEA was held in Panang, Malaysia. A total of 52 delegates from 22 countries attended the meeting, including the representative from the Chair of the INTOSAI WGEA.

Since the establishment of ASOSAI WGEA in 2000, the CNAO, as the Chair of ASOSAI WGEA, has conducted 3 seminars and 2 working meetings successively in China. It is the first time for the ASOSAI WGEA to hold its activities in other member SAIs, and with the great support from the National Audit Department of Malaysia.

On behalf of Mr. Liu Jiayi, the Chairman of ASOSAI WGEA and Auditor General of China, Dr. Dong Dasheng, the Deputy Auditor General of CNAO, presided over the seminar and meeting. At the opening ceremony, Dr. Dong Dasheng, the Deputy Auditor General of China, the Honourable Tan Sri Dato' Setia Ambrin Buang, Auditor General of Malaysia, and the representative of the Chair of INTOSAI WGEA, have made opening remarks, welcome speech, and congratulation remarks respectively. Afterwards, Dr. Dong delivered the Chair's Progress Report to the meeting, followed by an introduction INTOSAI WGEA with the specific intention to the topic of climate change.

A total of 18 papers were presented in the following seminar around 3 themes: "Audit on Water", "Audit on Climate Change" and "Cooperation on Environmental Auditing". The seminar has achieved fruitful results upon active participation by warm discussions and experiences exchange among the representatives. All the delegates also visited the Orang Utan Island, Bukit Merah Lake and planted Mangrove Tree in Matang Mangrove Forest Reserve, Perak.

At the working meeting, the participants discussed and adopted the Procedural Rules of ASOSAI WGEA. The next seminar and working meeting will be hosted by SAI Viet Nam in August 2014.

IDI-ASOSAI Cooperation Program SAI Needs Assessment Workshop for the program on Development and Implementation of Strategic Plan (Hanoi, Vietnam, April 2012)

The SAI Needs Assessment Workshop for the program on Development and Implementation of Strategic Plan (SP program) was organized in Hanoi, Vietnam from April 19 to 26, 2012 with the administrative support of the Office of the State Audit of Vietnam. A resource team comprising three ASOSAI training specialists from SAIs Bhutan, India and Turkey, an experienced auditor (Deputy Auditor General) of SAI Mongolia and a Subject Matter Expert (SME) from the IDI delivered the workshop. A representative of the Training Administrator of ASOSAI (SAI Japan) also attended the workshop. SAI Needs Assessment (SNA) teams from 7 SAIs, namely SAIs of Afghanistan, Bangladesh, Cambodia, Lao PDR, Mongolia, Philippines and Vietnam participated in the workshop.



This workshop was the first capacity development intervention of the SP program. Its main objective was to create SAI capacity for planning, conducting and reporting on needs assessment, by explaining the IDI's Capacity Building Framework and providing hands on experience on the SNA Model. The SNA teams were exposed to various data gathering and data analysis tools for carrying out needs assessment. As per the feedback from the SNA teams, the workshop met its stated objectives.

Seminar for Knowledge Sharing

JICA-sponsored ASOSAI Seminar on "Improvement of Audit Process for More Effective Audit" (Japan, May-June 2012)



A JICA-sponsored seminar on *“Improvement of Audit Process for More Effective Audit”* was conducted in Tokyo, Japan from May 28 to June 6, 2012. JICA provided financial assistance for eleven senior officials from eleven member SAs, namely, SAs of Afghanistan, Bangladesh, Cambodia, India, Indonesia, Iran, Jordan, Kyrgyzstan, Lao PDR, Mongolia and Vietnam. An experienced principal auditor of the SAI Turkey was invited as a facilitator to enrich the discussion. During the seminar, participants exchanged their views and experiences regarding the seminar topic and formulated a document on innovative practices based on the discussion, lectures by staff members of the SAI Japan and study visits.

Instructors' Design Meeting for the ASOSAI-sponsored Workshop on “Dealing with Fraud and Corruption” (Japan, July 2012)



An instructors' design meeting for the ASOSAI-sponsored workshop on “Dealing with Fraud and Corruption” was held from July 2 to 13, 2012 in Tokyo, Japan with the administrative support of the Board of Audit of Japan.

Six ASOSAI training specialists from five member SAs, namely, SAs of Bangladesh, Bhutan, Myanmar, Pakistan and Philippines attended the meeting to design the course and to develop course materials for the workshop and a Subject Matter Expert from SAI Indonesia provided technical advice to the instructors' team. A representative of the Training Administrator of ASOSAI (SAI Japan) also participated in the meeting for the management of the meeting. The course materials formulated during the meeting will be utilized for the ASOSAI-sponsored workshop on “Dealing with Fraud and Corruption” to be held in November 2012 in Manila, Philippines.

IDI-ASOSAI Cooperation Program

SAI Needs Assessment Review Meeting and Strategic Planning Workshop for the program on Development and Implementation of Strategic Plan (Ulaanbaatar, Mongolia, August-September 2012)



The SAI Needs Assessment Review Meeting and Strategic Planning Workshop for the program on Development and Implementation of Strategic Plan (SP program) were organized in Ulaanbaatar, Mongolia from August 30 to September 6, 2012 with the administrative support of the Mongolian National Audit Office. A resource team comprising three ASOSAI training specialists from SAIs Bhutan, India and Turkey, an experienced auditor (Deputy Auditor General) of SAI Mongolia and a Subject Matter Expert (SME) from the IDI delivered the review meeting and workshop. A representative of the Training Administrator of ASOSAI (SAI Japan) also attended the events. Strategic Planning (SP) teams from 7 SAIs led by their Head/Deputy Head, namely SAIs of Afghanistan, Bangladesh, Cambodia, Lao PDR, Mongolia, Philippines and Vietnam participated in the review meeting and workshop.

This review meeting and workshop were the second capacity development intervention of the SP program following the SAI Needs Assessment Workshop held in April. The main objective of the review meeting was to provide peer and facilitator feedback on the SAI Needs Assessment conducted by the participating SAI teams. In the workshop, the SP teams were exposed to the revised Strategic Planning Model. They were taken through each stage of the strategic plan development process through participatory sessions that provided hands on practice in developing different elements of the strategic plan. Both activities met their objectives to a large extent. Based on the input they received at the Strategic Planning Workshop, each participating SAI would develop a draft strategic plan following the recommended process.

SAIs that have their draft strategic plans in place will be invited to a Strategic Plan Review Meeting and Operational Planning Workshop, which is scheduled to be held in Phnom Penh, Cambodia for one week in December 2012.

Training Course on “Audit of Efficiency in Implementation of Development Projects” by SAI Kazakhstan



According to the minutes, adopted at the V Assembly of the Economic Cooperation Organization Supreme Audit Institutions (ECOSAI), held in October 2010 in Astana (Kazakhstan), the Accounts Committee of Kazakhstan organized the training course on “Audit of Efficiency in Implementation of Development Projects” for the employees of the Supreme Audit Institutions of the ECOSAI member states from 22 to 26 October 2012 in Astana.

The training was attended by representatives of the Supreme Audit Court of Iran, the Accounts Committee of Kazakhstan, the Accounts Chamber of Kyrgyzstan, the Office of the Auditor General of Pakistan and the Turkish Court of Accounts.

Within the framework of the training course participants considered factors that influence audit efficiency. They discussed issues on methodological support to performance audit by studying, as an example, activities of the Accounts Committee – the Supreme Audit Institution of the Republic of Kazakhstan. The special attention was paid to stages of conducting performance audit of development projects implementation through consideration of the audit results of the Accounts Committee of Kazakhstan over “E-Government of the Republic of Kazakhstan” program, state programs on health care and physical culture and sports development in the Republic of Kazakhstan.

Training course listeners shared their countries performance audit experiences by providing brief presentations about peculiarities of performance audit and its role in the national system of public audit.

At the end of the training, participants were given certificates on behalf of the Chairman of the Accounts Committee of the Republic of Kazakhstan.

Activities in Member SAs

ANAO piloting new website function for public contributions to selected audits in progress

In October 2012 the ANAO began piloting a new website function for members of the public to contribute to selected performance audits during their information-gathering stage. The initiative is aimed at promoting closer citizen engagement in the audit process by providing a new, simple, web-based tool that complements the more traditional ways that stakeholders contribute to performance audits. It also aligns with broader Australian Government initiatives to promote the use of technology to encourage more open and transparent government, in which the public informs policy more, and can better access government information.

The confidentiality of the information gathered through the new website function is protected by law. This information can only be disclosed for defined purposes (see sections 36 and 37 of the *Auditor-General Act 1997*). Any sensitive personal information gathered by the ANAO is also subject to the provisions of the *Privacy Act 1998*.

All contributions through the website function are acknowledged on submission. Members of the public can choose to provide their contact details as part of any contribution, but this is not mandatory. If contact details are provided the ANAO may contact the member of the public regarding their contribution, but in line with the confidentiality requirements outlined above, the ANAO will not discuss any aspect of an ongoing performance audit regarded as confidential during the course of an audit. Contributors can register on the ANAO website to be notified when the report on the performance audit they contribute to tables in the Parliament.

Access to the audits that are piloting the consultation function is available through the Quick Links on our home page www.anao.gov.au. The pilot will run until early in 2013 when it will be evaluated.

The 3rd Sino-Indian Young Auditors Forum Held in China



On September 12th, 2012, the closing ceremony of the 3rd Sino-Indian Young Auditors Forum was hosted in Shenzhen, Guangdong Province of China, marking the successful end to this bilateral forum, initiated by Mr. LIU Jiayi, Auditor General of China and Mr. Vinod Rai, Comptroller and Auditor General of India in 2010.

The forum started on September 3rd 2012 and attracted 20 young auditors who are selected from audit institutions of India and China earlier this year, to carry out discussion and exchanges on the topics of Role and Functions of Auditing in Combating Corruption and Social Security Audit. Mr. LIU Jiayi has met all the participants during their courtesy visit to the National Audit Office of China on September 4th and Mr. DONG Dasheng, Deputy Auditor General has presented at the opening ceremony and delivered an opening speech on September 5th.

Mr. LIU Jiayi, during his talk with the participants, has quoted the words of Chairman Mao as follows: "The world is yours, so is ours, but it will finally belong to you. You young people are full of vigor and vitality, are in the bloom of life, just like the sunshine at 8 or 9 o'clock in the morning. Hopes are placed on your shoulders," to demonstrate his hope for the efforts of young auditors dedicated for the development of audit work and the contribution to the motherland.

As the 3rd of the series of Sino-Indian Young Auditors Forum, this year's forum coincides with "The Sino-India friendship and corporation year", and the friendship and cooperative exchange has also become the main theme of this forum. The forum has started from Beijing, the capital city mixed with traditional culture and modern views, and then pass the city of Xi'an, one of the four ancient civilization cities in the world, and finally reached Guangzhou and Shenzhen, the cities pioneered in the Reform and Open-up Policy of China, in the Pearl River Delta region of Guangdong province. Besides seminar activities, participants have also conducted several exchange sessions with auditors in Shaanxi Provincial Audit Office, CNAO's Resident Office in Guangzhou and CNAO's Resident Office in Shenzhen. The forum ended on September 13th, 2012.

China-Sri Lanka Audit Workshop opens in Nanjing



At the invitation of Mr. Liu Jiayi, Auditor General of CNAO, a ten-member delegation from the Auditor General's Department of Sri Lanka arrived in Nanjing to participate in a ten-day workshop on October 9. On October 10, the China-Sri Lanka Audit Workshop was inaugurated in Nanjing Audit University. Mr. Dong Dasheng, Deputy Auditor General of CNAO, was present at the ceremony and delivered an opening speech.

Activities in Member SAIs

Mr. Dong Dasheng extended warm welcome to the delegation from Sri Lanka. Mr. Dong said, for a long time, China and Sri Lanka maintain frequent exchanges and friendly relations, and the visit of the Sri Lankan colleagues to China for the workshop was a demonstration of the friendship between our two countries. He was convinced that in accordance with INTOSAI's principle of "Mutual Experience Benefits All", the two SAIs can share the theory and practice in government investment audit through this workshop, and promote their common development. Mr. Dong indicated that the Auditor General's Department of Sri Lanka has put forward the concept of "promote good governance through the conduct of high quality audit and submit timely and accurate reports to parliament", whose orientation is fully consistent with the "national audit and national governance" theory brought up by the CNAO.

Mr. A.H.M.L.Ambanwala, Assistant Auditor General of the Audit General's Department of Sri Lanka and head of the delegation, expressed his gratitude to the CNAO for the warm welcome and earnest preparations. He said, CNAO's sharing of experience during this workshop will be very useful to the Audit General's Department of Sri Lanka in audit practice.

Mr. Dong Dasheng later gave the first lecture to the delegation, introducing in detail the overview of China's political system, the latest developments in China's economy and society, and the overview and latest development of China's government auditing system.

Officials from CNAO's Department of International Cooperation, Department of Fixed Assets Investment Audit and Nanjing Resident Office, and the Jiangsu Provincial Audit Office and the Nanjing Audit University also joined these events.

CNAO's Representatives Participating in the 15th Congress of PASAI



The 15th Congress of PASAI was held at Noumea, New Caledonia from 2 to 5 October 2012. The congress brought together the heads of fifteen SAIs and regional audit offices from throughout the Oceania region, as well as the representatives of South Africa, Austria, China, France, IDI, ADB, etc.

Mr. Zhou Weipei, the special representative of Mr. Liu Jiayi, Auditor General of China, has attended the congress and delivered a speech titled as “Consensus, Sharing and Win-win—with the Target of Promoting Exchanges and Cooperation with Members of PASAI, and Initiating the Future Development of INTOSAI”. In this speech, he has reviewed the experiences of exchange and cooperation between CNAO and members of PASAI and introduced the organization of XXI INCOSAI to be held in China in 2013. He also suggested that it is a joint and identical responsibility of CNAO and PASAI members as well as all other INTOSAI members, to further work to bring consensus, increase exchange and sharing of experiences, consider the future orientation of auditing and INTOSAI, and achieve the win-win target, most representative in the progress of SAI and the development of INTOSAI.

Delegation of Finnish National Audit Office visits CNAO



A Finnish audit delegation led by Mr. Tuomas Pöysti, Auditor General of National Audit Office of Finland visited CNAO from September 3 to 9 at the invitation of Mr. Liu Jiayi, Auditor General of CNAO.

On September 3, Mr. Liu Jiayi met with the delegation. Mr. Liu extended warm welcome to the visiting delegation, highly appreciating the friendly relations and close cooperation between the National Audit Offices of China and Finland. Mr. Liu said, the two SAls shared many similarities in the field of auditing the implementation of fiscal policies and supervising the performance of public funds, and the prospect for the SAls to promote exchanges and deepen cooperation is promising. He said, the global financial crisis had posed great challenges to the audit theory, audit mode and audit methodology, and he hoped that the two sides collaborate with each other in coping with the challenges in the future.

On September 3, Mr. Dong Dasheng Deputy Auditor General of CNAO, held a work meeting with the delegation, gave the delegation a brief introduction of CNAO and its latest development, and elaborated on how the scientific audit concept can guide the practice of auditing.

Activities in Member SAIs

On September 4, Mr. Sun Baohou, Deputy Auditor General (Chief Quality Officer) of CNAO, exchanged views with the delegation, and introduced CNAO's practice and experience on environmental auditing and financial audit. Officials from Department of Public Finance Audit, Department of Agriculture, Resources and Environmental Protection Audit and Department of International Cooperation also joined the meeting.

The Finnish delegation later visited Shanghai Municipality, and held work meeting with officials from Shanghai Municipal Audit Office.

Delegation of the General Auditor Office of Mali visits CNAO



A three member delegation headed by Mr. Amadou Ousmane Toure, Auditor General of the General Auditor Office of Mali, paid an official visit to CNAO from 22 September to 30 at the invitation of Mr. Liu Jiayi, Auditor General of CNAO.

Mr. Liu Jiayi extended a warm welcome to the delegation and presided the working meeting with the Malian delegates. He gave an introduction of CNAO and the role played by the CNAO in the good governance of the country. He indicated at the same time that China and Mali are close friends with good and cooperative relationship; CNAO is willing to share its experiences and lessons with the Malian colleagues and to promote further exchanges and cooperation.

Mr. Amadou Ousmane Toure said, as a young audit independent institution established in 2003, the General Auditor Office of Mali is eager to learn and inspire from the advanced experiences of auditing and especially of the audit quality control.

Mr. Chen Chenzhao, Director General of the CNAO General Office and member of the ministerial leadership, and officials the Department of International Cooperation joined the meeting.

The Malian audit delegation also visited Tianjin and exchanged experiences with Tianjin Audit Bureau during their stay in China.

Singaporean delegation visits CNAO



From September 17 to 21 , A four-member delegation headed by Mr. Lim Soo Ping, Auditor General of Singapore, paid an official visit to CNAO at the invitation of Mr. Liu Jiayi, Auditor General of CNAO.

Mr. Liu Jiayi extended warm welcome to the delegation. He said during a work meeting with the Singaporean delegation that the National Audit Office of China and the Audit General's Office of Singapore had frequent exchanges of visit in recent years, and he looked forward to deeper cooperation between the two SAIs in the future. Mr. Liu also systematically introduced the development of China's auditing, the organizational structure of China's audit institutions and their latest practice of auditing, and elaborated on the important role played by national audit in national governance. Mr. Lim thanked Mr. Liu for his invitation and warm reception, and suggested the SAIs of the two countries carry out closer collaboration within the INTOSAI and ASOSAI. The two sides also discussed other issues of common concern, such as the personnel training and the stipulation of audit standards.

Mr. Chen Chengzhao, Director General of CNAO General Office and member of the ministerial leadership, and officials from Department of International Cooperation, Department of Legal Affairs and Auditors' Training Center also presented at the meeting.

Later the delegation held work meetings with Beijing Municipal Audit Office and Tianjin Municipal Audit Office, and visited Sino-Singapore Eco-city in Tianjin.

Activities in Member SAIs

International Centre for Information Systems and Audit (iCISA), SAI India

Introduction

The International Centre for Information Systems and Audit (iCISA) was established on 13th March 2002 by the Comptroller and Auditor General of India as a premier institution with the mandate of conducting capacity building programmes for audit professionals from across the world. In addition, its scope includes professional training to officers of the Indian Audit & Accounts Department and managers from organisations such as the Indian Administrative Service, Indian Forest Service, Armed Forces, Parliament Secretariat, etc. So far, one hundred ten multilateral international training programmes have been held on various audit-related topics and these programmes are very popular with the global audit community. Besides, the Centre has held training programmes on agreed subjects for individual SAIs also. The participants are drawn from the middle level managements of SAIs and Governments from African, Central Asian, South East Asian, Far Eastern, Middle Eastern, South American, Caribbean, Pacific and East European nations.



Recently, iCISA has conducted international training programmes on following themes:

- Financial and Regularity Audit
- Performance Audit
- Auditing in IT Environment
- Audit of Public Sector Enterprises/ Disinvestment
- Audit of Receipts
- Audit of Social Sector Schemes/ Programmes
- Environment Audit

The focus of all the International Training Programmes is on emerging areas and new developments, methods and tools in auditing. The following issues are incorporated in all the training programmes:

- Risk based Audit Approaches
- Use of Statistical Sampling
- Audit Quality Management
- Computer Assisted Audit Techniques

The facilities at glance are:



Apart from a comprehensive course design and a mix of excellent resource persons – Audit Managers, Executives, programme manager, that make each course an unique learn experience the institution also offers world class facilities.

Academic Block

Centrally air-conditioned, the Academic Block comprises lecture and seminar halls, conference hall with sound recording and interpretation facilities, EDP labs, well stocked library, documentation centre and administrative offices.

Internet

The entire campus has high bandwidth internet connectivity through OFC link and Wi Fi. The library and information centre each has multiple dedicated computer terminals with Internet available round the clock. .

Hostel Block

The Hostel Block comprises 39 single rooms, 15 double rooms, three semi-luxury suites and five luxury suites with attached bathrooms. Participants are normally provided single occupancy air-conditioned accommodation with attached bath. Television with 100 channels is provided in each room. Piped music synchronised from 500 audio CDs is played on a sophisticated music system in the dining hall and in the common lounges. The facility is also under major up gradation and the rooms have already begun to wear a new look.

Dining hall

A spacious dining hall is serviced through a modern kitchenette with a multi-cuisine array of menu prepared hygienically under strict supervision. Trained in-house cooks ensure dietary standards are maintained and there is novelty in menu planning. iCISA food has never got a rating below 94% from all international participants.

Activities in Member SAIs

Recreational Facilities

Keeping in mind the diverse groups drawn from different countries, cultures and age groups, an innovative range of services are offered to all participants free of charge:

- Solar-heated swimming pool with a lifeguard.
- Well equipped gymnasium and health centre.
- Library and information centre with high speed Internet 24x7.
- Billiards, table tennis, badminton, chess and lawn tennis on state-of-the-art synthetic court.
- Indoor auditorium with a 170-seating capacity used for functions and screening of films from an in-house VCD/DVD library housing over 350 movies.
- Yoga classes are available daily with a view to enhance well-being.
- Air-conditioned bus service to the city centre for shopping and sightseeing is available twice a week in the evening.

Website

iCISA's website can be accessed on <http://www.icisa.cag.gov.in/>. One can take a virtual tour of an easy-to-navigate site that serves as a rich repository of information with programme schedules of national and international trainings, downloadable forms, details of best practices, IT Audit Reports, an alumni directory and profiles of faculty members.

Upcoming training programmes:

The following training programmes are scheduled to be held at iCISA in the current financial year as well as financial year 2013-2014.

For the financial year 2012-13

ITP No	Name of the Topic	Period
111	ITP on Environment Audit	7 th January to 1 st February, 2013
112	ITP on Financial and Regularity Audit	11 th February to 8 th March 2013

For the financial year 2013-14

ITP No	Name of the Topic	Period
113	Receipt Audit	12 th Aug. 2013 to 06 th Sep. 2013
114	Audit of Public Sector Enterprises	16 th Sep. 2013 to 11 th Oct. 2013
115	Auditing in IT Environment	21 st Oct. 2013 to 15 th Nov. 2013
116	Performance Audit	25 th Nov. 2013 to 20 th Dec 2013
117	Audit of Social Sector Schemes	13 th Jan. 2014 to 07 th Feb. 2014
118	Financial and Regulatory Audit	17 th Feb 2014 to 14 th March 2014

Philippine SAI Head Initiate Reforms and Brings Organization Back in the International Milieu

SAI Philippines

Now at the helm of the Philippine Commission on Audit (COA) is a strong-willed and highly spirited woman who goes in the annals of Philippine history as the first woman to become the highest official of the country's Supreme Audit Institution (SAI) since its founding in 1899. Attorney Ma. Gracia M. Pulido-Tan, a Lawyer and Certified Public Accountant, was appointed Chairperson of the Philippine SAI by the President of the Republic of the Philippines, His Excellency Benigno S. Aquino, III, in April 2011 for a term ending in 2015.

She declared on her first day of office that the Philippine SAI under her leadership shall be "relentless and bold." Indeed, on her third month in office, she lifted pre-audit of government transactions amidst political opposition, and paved the way to prompt delivery of goods and services to the government. She also radically reshuffled resident auditors without fear or favor, eschewing patronage politics that traditionally crept its way into the process.

Chairperson Tan equally declared that the Commission shall carry out its Constitutional mandate only with the highest degree of professionalism, integrity, competence and patriotism. These were not empty words, for Chairperson Tan brought to the Commission impeccable academic and professional credentials, and a wealth of experience and multidisciplinary expertise in law and accounting, finance, management and governance acquired in her 30 years of professional work as private law and accounting practitioner, government official, and international consultant.

In her 18 months in office to date, the officials and staff of the Philippine SAI have had their hands full implementing projects and action plans revolving around four organizational thrusts that she laid down upon her assumption to office namely: (1) integrity and independence; (2) organizational efficiency; (3) professionalism and technical competence; and (4) strategic partnership and linkages. She has indeed been a very exacting taskmaster, if not an inspiring leader, for today, the Philippine SAI has put in place the following major programs/projects:

- *Adoption of International Audit Standards and ISSAIs; harmonization of Philippine Government Accounting Standards with IPSAS; expansion of research tools and facilities; and training on specialized audit methods (e.g., Fraud), and new areas (e.g., Environment Audit)*
- *Involvement of the citizenry, through the Citizens Participatory Audit Program, in the audit of grassroot government projects, to encourage public vigilance and thereby enhance government accountability*
- *Strategic partnership with the Ombudsman, to provide technical support for the prosecution of high impact fraud audits.*
- *Codification of Audit and Accounting manuals, and the automation of audit work and management.*
- *Integrated audit approach, to "follow the money"*
 - *Quality assurance, to ensure strict adherence to standards*
 - *Democratization of recruitment and promotion, to pick and reward the best and the brightest*
- *Ladderized Training Program and Succession Plan, to link training to the career path of every employee*

Activities in Member SAIs

- *Values enhancement, consistent enforcement of disciplinary rules, and rationalization of the SAI's structure and manning complement, to promote ethical conduct among Auditors and make the Commission more efficient and responsive*
- *Amendment of the SAI's Legal Framework, to enhance independence and protect auditors from harassment and frivolous suits.*

In the international scene, the Chairperson has no less been visible. Only a month into office, she went headlong to Geneva to promote the Commission's candidature as External Auditor of the World Health Organization. She did not disappoint; the Commission was so elected at the 64th World Health Assembly in May 2011. That makes two UN Specialized Agencies now of which the Commission is External Auditor, the other being the Food and Agriculture Organization (FAO).

But more than the prestige and honor of being a UN Auditor, Chairperson Tan deeply appreciates the value of international linkages in acquiring best practice for the Commission, knowledge sharing, capacity building, friendship and goodwill among SAIs. Hence, she has worked just as hard for the Commission's active membership and participation in international bodies. In November 2011, the Commission joined other ASEAN SAIs to form the Association of Southeast Asian Nations Supreme Audit Institutions (ASEANSAI) under the leadership and initiative of SAI Indonesia, and was elected Chair of its Training Committee. In March 2012, the Commission was also elected as a Member of the Governing Board of the ASOSAI for the period 2012-2015, and will host the Governing Board Meeting in February 2013.

With the renewed presence of the Commission in the international arena, it has welcomed several visits of foreign governments and SAIs, among them the Republic of Indonesia, SAI Korea, SAI Bhutan, SAI Bangladesh, and SAI Japan. Additionally, foreign participants have been joining the caravan of trainings conducted by the Commission's Professional Development Office (PDO), particularly in the areas of Integrated Results and Risk-Based Audit (IRRBA), Internal Control System (ICS) Structure, Fraud Investigation and Legal Evidence (FILE), and Information Systems Audit (ISA).

Agreements for mutual assistance in capacity building and training have also been signed with SAI Maldives and SAI Bangladesh. In November 2012, the Commission shall host the ASOSAI sponsored training workshop on Dealing with Fraud and Corruption, and in 2014, the Review Meeting for the IDI-INTOSAI Program on Development and Implementation of Strategic Plan.

Truly, the work that Chairperson Tan set out to do at the Commission is not for the fainthearted, and she has been leading by example. She is a hands-on manager, laying the vision and supervising it every step of the way, from strategizing, planning, implementation and performance assessment. She makes it her business to know all aspects of the operational and administrative sides of running the Commission. No one can escape her quizzical stance on any matter brought before her attention or consideration. And no one can argue when she declares – for it is patently true – that she will not ask anything of anyone, something that she herself is not prepared to give or do.

The strong willed woman at the helm of the Philippine SAI has certainly energized the Commission by leaps and bounds in various forms. The challenge for everyone in the Commission is to keep pace and work together as a team, as hard and committedly as she does, knowing that more is yet to come for a more dynamic, involved, credible, effective, independent, and highly respected Commission on Audit..

Russia and Mongolia: Parallel environmental audit in border territories

Within the scope of bilateral Russian-Mongolian cooperation and pursuant to the Agreement between supreme audit institutions of both countries of February 27, 2012, the Accounts Chamber of the Russian Federation and the National Audit Office of Mongolia carried out parallel audit of efficiency of government control in the field of environment protection in the border regions. The audit results were summarized at the joint meeting of governing bodies of SAIs of two countries which took place on October 1, 2012 in Ulan-Ude (Russia) and were recorded in the Memorandum signed by Dr. S.V.Stepashin, the Chairman of the Accounts Chamber of the Russian Federation, and Mr. B.Batbayar, the Deputy Auditor General of Mongolia.

In conducting the audit main attention was focused on the implementation by both countries of the obligations stipulated by the intergovernmental agreements on environment protection of February 15, 1994, and on protection and usage of transboundary waters of February 11, 1995.

On the basis of assessment of facts revealed in the course of the parallel audit the SAIs of Russia and Mongolia came to the conclusion that over last 5 years both countries, by joint efforts, managed to decrease the anthropogenic load on the transboundary water objects and to support specially protected natural areas. However, additional measures are to be taken to achieve the ecological safety of the said areas.

The Governments of the Russian Federation and Mongolia were called to:

- analyze the measures taken to fight trans-border fires and consider the possibility of relevant intergovernmental document on cooperation in the field of environment;
- improve the procedural and institutional mechanism for the implementation of the existing agreements on cooperation in the field of environment;
- explore and settle the matter on creation of specially protected natural areas.

In the exercise of control over the implementation of recommendations adopted SAIs of Russia and Mongolia agreed to carry out another parallel audit regarding government regulation in the field of environment protection.

Turkish Court of Accounts (TCA) 150th Year Celebrations

On 29 May 2012, Turkish Court of Accounts (TCA – the Supreme Audit Institution of Turkey) celebrated the 150th anniversary of its establishment, with various activities including an international symposium devoted to sharing experiences and best practices between the SAIs in attendance.

Representatives of 26 supreme audit institutions; including Mr. Terence Nombembe, Chairman of the INTOSAI Governing Board, Dr. Josef Moser, Secretary General of INTOSAI, Mr. Guilherme D'Oliveira Martins, President of EUROSAI, Mr. Manuel Núñez Pérez, Secretary General of EUROSAI and Dr. Osama Jafar Faquih, Chairman of the ARABOSAI attended the celebrations and the subsequent symposium.

Messrs. Terence Nombembe, Guilherme D'Oliveira Martins and Osama Jafar Faquih delivered excellent speeches, underlining the role and importance of supreme audit institutions and

Activities in Member SAIs

praising the crucial role the TCA has played in Turkey, as evidenced by the fact that it is mentioned in all Turkish Constitutions since its establishment.

The Turkish guests of the celebrations, including President of the Republic of Turkey, Mr. Abdullah Gul, Speaker of the Turkish Grand National Assembly, Mr. Cemil Cicek and several cabinet members, were a testament to the great importance Turkey attaches to the Turkish Court of Accounts.

The celebrations were followed by an international symposium, consisting of two sessions. Both sessions were chaired by Mr. Terence Nombembe, the Chairman of the INTOSAI Governing Board.

During the first session, President of the European Court of Auditors, Mr. Vitor Caldeira delivered a speech, underlining the important contribution that enhancing transparency, accountability and public audit can make to restoring public confidence; followed by the speech of Mr. Manuel Núñez Pérez, Secretary General of EUROSAI, who noted the connection between the causes of current financial crisis and the efficient management of all available resources; and described how Supreme Audit Institutions can adapt to the new responsibilities the current circumstances bring about. First session was concluded by a speech by Mr. Nombembe himself.

Second session started with the presentation of the Chairman of ARABOSAI, Mr. Osama Jafar Faquih; which covered such topics as the importance, value and benefits of the SAIs for citizens and society, the growth of accountability demands of citizens, the possible cooperation between SAIs and citizens, UN and INTOSAI. A presentation by Ms. Ellen Van Schoten from Netherlands Court of Audit followed this presentation, in which Ms. Schoten explained the concept of integrity as it pertains to audits, especially those performed by their SAI and gave some examples of the activities they perform in this area. Second session was concluded by the speech of Mr. Josef Moser, Secretary General of INTOSAI; which was about the crucial topic of the relationship of SAIs with the Parliament and their contribution to strengthening democracy.

Training Activities by SAI Turkey



Email/Webpage addresses of member SAIs

SAI	Email address	Home page
Afghanistan	cao@cao.gov.af	www.cao.gov.af
Armenia	vpal@parliament.am	www.coc.am
Australia	ag1@anao.gov.au External.Relations@anao.gov.au	www.anao.gov.au
Azerbaijan	office@ach.gov.az chairman@ach.gov.az	www.ach.gov.az
Bahrain	info@nac.gov.bh	www.nac.gov.bh
Bangladesh	international@cagbd.org	www.cagbd.org
Bhutan	auditorgeneral@bhutanaudit.gov.bt	www.bhutanaudit.gov.bt
Brunei Darussalam	jbaudbd@brunet.bn	www.audit.gov.bn
Cambodia	naakh@naa.gov.kh sg.audit@naa.gov.kh chea_sopha@yahoo.com	www.naa.gov.kh
China	cnao@audit.gov.cn	www.audit.gov.cn
Cyprus	cao@cytanet.com.cy	www.audit.gov.cy
Georgia	chamber@gol.ge, chamber@geomail.ge	www.control.ge
India	cag@cag.gov.in pdir@cag.gov.in	www.cag.gov.in
Indonesia	asosai@bpk.go.id	www.bpk.go.id
Iran	pria@dmk.ir	www.dmk.ir
Iraq	diwanirq@uruklink.net	
Israel	sco@mevaker.gov.il	www.mevaker.gov.il
Japan	liaison@jbaudit.go.jp	www.jbaudit.go.jp
Jordan	Audit.b@nic.net.jo	www.audit-bureau.gov.jo
Kazakhstan	ir@kazai.kz	www.esep.kz
Korea	koreasai@koreasai.go.kr	www.bai.go.kr
Kuwait	president@sabq8.org, training@sabq8.org	www.sabq8.org
Kyrgyzstan	kyrsai@mail.ru, esep@esep.kg	www.esep.kg
LAO-PDR	sao@etllao.com	

Email/Webpage addresses of member SAIs

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

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

Other Important Email/Webpage Addresses

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

ASOSAI Calendar April 2012-March 2013

Year	Date/Month	Event
2012	12 - 17 November	ASOSAI-sponsored workshop on "Dealing with Fraud and Corruption" at Manila (Philippines)
	17 - 21 December	Review meeting and Operational Planning workshop, IDI-ASOSAI Cooperation Program on "Development and Implementation of Strategic Plan" at Phnom Penh (Cambodia)
2013	19 - 20 February	46th Governing Board meeting at Philippines
	June	Instructors' design meeting for ASOSAI-sponsored workshop on "Performance Auditing" at Tokyo, Japan
	November	ASOSAI-sponsored workshop on "Performance Audit" at Thailand
	December	ASOSAI seminar on "Quality Assurance in Audit" at Vietnam

