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The Asian Journal of Government Audit is a reputed resource for the SAI community for promotion of sound and effective audit systems. This bi-annual Journal has been in circulation since 1983 and has provided a forum for ASOSAI members for discussion and dissemination of good practices. The journal accepts articles, special reports, news items and other materials from member SAs of ASOSAI. From next issue the journal is turning into an e-journal and will be available at the website <http://www.asosai.org>.

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Editorial

Dear Colleagues,

We are pleased to bring out yet another issue of the Asian Journal of Government Audit. From this issue onwards, we have decided to focus on a specific theme for each issue to make it a useful resource for readers looking for best practices and varied experiences. The theme selected for the current issue is '**Implementation of ISSAIs**'. SAIs of India, Japan, Kazakhstan and Korea have shared their respective experiences in implementing ISSAIs and these articles offer a deep insight on the challenges faced in adopting these standards. We intend to continue with theme based approach in the future.

We have decided to dispense with the present system of printing paper copies of the journal and this will be the last printed issue of the journal. From April 2016 issue onwards, the journal would be published as an electronic-journal and it will be available on ASOSAI website. Besides, being more economical and environment friendly, we hope this transition will facilitate real time feedback on articles and better readability and sharing of content. To mark this transition, we have decided that the theme for first e-journal shall be '**Environmental Auditing by SAIs**'.

We are thankful to Tan Sri Ambrin Buang, Auditor General of Malaysia and the Chairman of ASOSA, Mr. Hwang Chan-hyun, Chairman of the Board of Audit and Inspection of Korea and the Secretary General of ASOSAI and SAI, Japan, the Capacity Development Administrator for their regular columns.

We would like to thank all those who contributed material for this issue. We look forward to the continued support of our esteemed readers and their feedback for improving the quality of the journal.

I request all members to send material for future issues and their feedback to ir@cag.gov.in and asosai.journal@gmail.com and help us in making this journal more informative and relevant for the ASOSAI Community.



(K.S. SUBRAMANIAN)

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From the desk of the Secretary General of ASOSAI



Mr HWANG Chan-hyun
Secretary General of ASOSAI
&
Chairman of the Board of Audit
and Inspection of Korea

Since the 13th ASOSAI Assembly held last February, the ASOSAI Secretariat has been conducting various tasks to support our member SAIs in implementing the new ASOSAI Strategic Plan for 2016-2021, and in preparing for the 50th ASOSAI Governing Board meeting, etc.

In this regard, I would like to introduce the works that have been carried forward by the Secretariat since the last Assembly by sharing the details regarding them with the ASOSAI member SAIs.

First of all, the preparation for the coming 50th ASOSAI Governing Board meeting is well on its way to success with the support of the Office of the Auditor General of Thailand. The Secretariat drew up the meeting agenda and circulated them to the Governing Board members after attaining approval from the ASOSAI Chair. Taking this opportunity, I would like to extend my sincerest appreciation to Mr. Pisit Leelarachiropas, the Auditor General of Thailand, and his dedicated staff for their efforts in preparing for the successful outcome of the meeting.

As for the ASOSAI Research Project, with the decision at the 49th Governing Board meeting to have two research themes, the Secretariat called on its member SAIs to participate in two different research teams. As a result, a total of thirteen participating SAIs (namely, Bangladesh, Brunei Darussalam, Indonesia, Iran, Iraq, Kazakhstan, Korea, Kuwait, Malaysia, Philippines, Russia, Saudi Arabia and Vietnam) expressed their intention to participate in the research team for “Methods for Developing Risk-based Audit Plans,” while the other team for “Audits on Public Private Partnership Arrangements” composed of participants from nine SAIs (namely, China, India, Indonesia, Iraq, Kuwait, Malaysia, Pakistan, Philippines and Vietnam). Among the participating SAIs, the SAIs of Malaysia and Pakistan have been selected as chairs for each research team. I would like to convey my special thanks to all participating member SAIs, especially to the SAIs of Malaysia and Pakistan that are leading the Research Project, for their invaluable contribution in sharing their knowledge and experience.

The Secretariat has also prepared a draft Manual for Managing ASOSAI Research Project and circulated it to all member SAIs. The final version of the Manual reflecting the opinions from member SAIs will be drawn up and distributed by the Secretariat shortly.

From the desk of the Secretary General of ASOSAI

Meanwhile, the ASOSAI-sponsored Workshop 2015 was held in Kuala Lumpur, Malaysia, in October, 2015, under the theme of "Assessment of Internal Control," while the ASOSAI Seminar 2015 on "SAI Management" was held in Noida, India, in December, 2015.

The Secretariat actively took part in the IDI Strategic Plan implementation, with which the IDI is pushing ahead. There was the Workshop with INTOSAI Regions titled "Strategy, Performance Measurement and Reporting" and a program planning meeting called "SAIs Engaging with Stakeholders" held in Oslo, Norway, in September, 2015. The Secretariat discussed the theme in the workshop, expecting the results of the discussion to benefit the future activities of the "Task Force for ASOSAI Strategic Plan Management".

Currently, the Secretariat is discussing the issue of establishing a task force specialized for the ASOSAI Strategic Plan management with the Strategic Plan Task Force members in order to secure the successful implementation of the new ASOSAI Strategic Plan 2016-2021.

Moreover, with the adoption of the electronic voting system at the last Assembly, the Secretariat is making amendments to the Established Selection Procedures for ASOSAI Posts to reflect the changes. In addition, with a renovated ASOSAI website, the Secretariat has encouraged the member SAIs via email and the online notice board to use the newly set "Communications" and "Library" tabs for more active communication and knowledge sharing.

The Secretariat has continued to make efforts to develop ASOSAI into a leading regional organization. I would like to cordially ask all member SAIs for their active cooperation and participation in achieving this goal.

Message from Chairman of ASOSAI



Mr. Tan Sri Ambrin Buang
Auditor General of Malaysia and
Chairman of ASOSAI

I began my term as the ASOSAI's Chairman in February 2015 and my priority was and still is to continue pursuing the goals set in the current strategic plan and the Strategic Plan 2016-2021 to elevate public sector auditing in the region. To achieve the goals, the Governing Board members and the members need to work closely to seamlessly carry on and strengthen the ASOSAI's ongoing initiatives.

The reputation and credibility of supreme audit institutions rest on the perception of our quality, which in turn depends on the calibre of our talent. ASOSAI remains focused on raising the audit quality by supporting the capacity development and enhancing knowledge sharing of members to build confidence in the supreme audit institution. We also recognize that cooperation and collaboration with ASOSAI's stakeholders will improve the quality of talent.

Audit quality is about water-tight audit opinion that carries enough weight and the confidence of the users which is formed based on sufficient audit evidence. In response to escalating expectations for audit quality, we must keep ourselves updated on the application of the new or revised standards of auditing and accounting knowledge. While ASOSAI has crafted intensive engagement and capacity building programmes to raise quality, anchored by the international standards of Supreme Audit Institutions (ISSAIs) programmes, members must play their part by supporting and participating in these programmes.

We are living in very challenging times and therefore cannot be complacent. The profile of the profession is constantly changing and shifting, and we are under close scrutiny, especially given our roles as watchdogs and providers of assurance. In such an environment, it is critical that we behave impeccably at all times and if necessary, reinvent ourselves and our processes and protocols to ensure we are relevant and credible and never compromise our ethics.

I hope that this journal will be useful in providing insights and clarity on new or pressing auditing issues affecting our members and the profession.

**Theme of the Issue :
Implementation of ISSAIs**

1. Challenges that the SAI Faces in Adopting the ISSAIs - SAI Japan

1. INTRODUCTION

The Board of Audit of Japan (BOA) agrees with the purpose of the International Standards of Supreme Audit Institutions (ISSAIs) in aiming to develop an audit environment, which would include securing the independence of the SAIs, and to develop audit methods for the purpose of providing effective public-sector auditing. The BOA cannot declare the adoption of the ISSAIs but considers that the audit environment has been improved in Japan in line with the purpose of the ISSAIs and that audit methods have been developed and audits have been conducted accordingly.

2. PUBLIC ACCOUNTING SYSTEM IN JAPAN

In Japan, as a result of a request from the Minister of Finance, an advisory organization viz the Fiscal System Council conducts research and deliberates on the public accounting system. The Fiscal System Council compiled its deliberations on the future national public accounting system in a report entitled “*Basic Concepts on Public Accounting System*” in 2003. The report explains the purpose and significance of the public accounting system as follows:

- (a) Democratic control by Parliament over governmental financial activities;
- (b) Implementation of accountability, e.g., disclosure of information on financial situations etc.;
- (c) Financial information for the promotion of the efficiency and appropriateness of financial activities

As the basic concepts of public accounting, the report stipulates that cash basis accounting should be adopted from the viewpoint of budgetary control and that the introduction of the public accounting system on an accrual basis remains as a further research topic for the future. Japan never looks down the importance of the disclosure of financial information and implementation of accountability, as well as the significance of financial information for enhancing the efficiency of financial activities. Rather, the government of Japan has been making a number of efforts in this field. Meanwhile, some people insist on the adoption of a public accounting system on an accrual basis from the viewpoint of further promoting information disclosure and the efficiency of financial activities. The Fiscal System Council is now discussing, once again, the basic concepts of public accounting.

As explained above, the Japanese public accounting system places importance on budgetary control based on a cash basis and its procedures are prescribed in detail in laws and regulations, such as the Public Finance Act and the Public Accounting Act. Strong checks and internal control mechanisms are incorporated into the accounting system in each agency so as to ensure that the prescribed procedures are complied with without fail.

For example, [i] a person in charge of concluding a contract, [ii] an administrator that supervises the fulfillment of the contract, [iii] a person who verifies the fulfillment of the contract, and [iv] a person who makes payment decisions, are basically different, and a system of mutual checks and balances works accordingly. As for payments, a person who makes payment decisions differs from the person who handles the payment process, and the actual payment is made by the Bank of Japan, thereby making it easy to find mistakes and making criminal acts more difficult to commit and more easily detected. Furthermore, each ministry and agency has its own internal audit system, and a strong checks and balances system is thus working in the Japanese public accounting system. As a cash basis accounting system is adopted, there is less room for evaluation in the process of making financial statements, compared with an accrual basis system.

3. PUBLIC-SECTOR AUDIT SYSTEM IN JAPAN

The BOA is a constitutional organization that is independent of the Cabinet and belongs neither to Parliament nor to the Courts. The BOA consists of the Audit Commission and the General Executive Bureau. As one of the means of assuring quality control in public-sector auditing in Japan, the BOA has a structure under which the Audit Commission directs and supervises the General Executive Bureau. Three Commissioners appointed by the Cabinet with the consent of Parliament comprise the Audit Commission and are in charge of making the decisions of the BOA. The General Executive Bureau is in charge of the actual auditing work.

Currently, one ex Secretary General of the General Executive Bureau, the BOA, one ex University Professor specializing in public accounting and one former certified public accountant of an audit corporation serve as Commissioners and they are expected to guarantee the audit quality as specialists in public accounting. The Audit Commission directs and supervises the General Executive Bureau regarding what to audit and how to conduct the audit, so as to ensure that the audit activities of the BOA will increase the satisfaction of Parliament and the public, the main customers of the BOA, by noticing concern of the Parliament and the public and the need for meeting their expectations. The decision making organization and the auditing organization are thus kept separate in the BOA, and audit activities by the General Executive Bureau are checked by the Audit Commission to secure the appropriate direction and the quality of the audit. As a consequence, Parliament and the public are, we believe, fully satisfied with our work and we are confident that we have been serving them well and meeting their expectations.

It is construed that the Constitution of Japan and the Board of Audit Act require the BOA to conduct audits to highlight problems and recommend corrective actions, i.e. direct reporting engagements, but not to conduct audits to give assurance, i.e. attestation engagements. As explained above, a strong checks and balances system is working in the Japanese public accounting system and the adoption of a cash basis accounting system leaves less room for evaluation than adoption of an accrual basis in the process of making financial statements. Under such circumstances, the BOA conducts audits as direct reporting engagements to highlight problems and recommend corrective actions.

In addition, the BOA verifies the account of revenues and expenditures of the Japanese Government by cross-checking the figures in [i] the statement of accounts of the revenue and

expenditure submitted by the Cabinet, [ii] the statements of the national treasury accounts submitted by the Bank of Japan, and [iii] the statements of accounts of revenue and expenditure compiled and submitted by each ministry and agency and audited by the BOA. In principle the figures in these three documents must coincide with each other. The BOA first checks whether the amounts of revenues collected and payments spent by each ministry and agency are correctly stated in the statement of accounts of revenue and expenditure, and then confirms that they match the figures in the national treasury accounts prepared by another organization, namely the Bank of Japan. It can be said that the BOA's cross-check of the statements of accounts assures the reliability of the accuracy of the accounts of revenue and expenditure of the statement of accounts on a cash basis.

4. THE ISSAIS AND THE BOA'S AUDIT STANDARDS

As explained above, Japan adopts a cash basis accounting system, and the accounts subject to the BOA's audits are accordingly settled on a cash basis. The BOA conducts direct reporting engagements under the provisions of the Constitution and related laws but has no legal grounds to conduct attestation engagements, which makes it difficult for Japan to adopt the Financial Audit chapter of the ISSAIs. There is also an environmental discrepancy between accounting systems to which the ISSAI is envisaged to be best applied and the current Japanese public accounting system, under which public accounting procedures are prescribed in detail in laws and regulations. This discrepancy consequently affects methodological difference of the ISSAIs and the audit activities of the BOA.

Japan fully agrees with the purpose of the ISSAIs in aiming to develop an audit environment, which would include securing the independence of the SAIs, and to develop audit methods for the purpose of providing effective public-sector auditing. We would like to stress that such purpose of the ISSAIs is embodied in various laws and regulations in Japan.

The Japanese public accounting system and public-sector audit system have a long history and have been developed and shaped in the form of laws and regulations, binding civil servants engaged in public accounting or in public-sector auditing under a detailed and compelling code of conduct.

The BOA announced its tentative Audit Standards in October 2012, but they do not dominate any related laws and regulations. The BOA merely compiled the provisions of the related laws and regulations systematically for convenience of reference for auditors, while referring to the ISSAIs and other standards in western countries. The content of the BOA's Audit Standards is outlined as follows:

- (a) *Purpose of audits;*
- (b) *Basic principles of audits (basic matters which the BOA and officials of the BOA are obliged to follow);*
- (c) *Implementation of audits (basic matters concerning the audit of the BOA, audit plans, execution of audits, matters to be noted in planning and conducting audits);*
- (d) *Investigation of responsible accounting officials for mal-transaction, and examinations concerning appropriateness of public accounting execution;*

- (e) *Reports of the audit results (basic matters concerning making reports of audit results, categories of the audit reports, contents of the audit reports).*

Several items in the BOA's Audit Standards are identical to the ISSAIs' items, while the methodology is different in part. However, we consider the purpose is the same. The BOA's Audit Standards aim to improve the accountability of the BOA by showing Parliament and the public how it conducts public-sector auditing and to present the General Executive Bureau with the duties that officials should abide by. The BOA officials engage in auditing work in accordance with the norms of laws and regulations relating to public-sector auditing systematized in these Audit Standards.

5. CONCLUSION

The Japanese public accounting system, which places emphasis on budgetary control, is based on a cash basis and its procedures are prescribed in detail in related laws and regulations. Under the BOA's system, the General Executive Bureau conducts audit activities under the direction and supervision of the Audit Commission and we take pride in that we are satisfying the expectations of Parliament and the public. The Audit Standards that the BOA announced in 2012 compile provisions of related laws and regulations systematically and are close to the aims of the ISSAIs. Parliament and the Fiscal System Council, etc. are now discussing how the Japanese accounting system should go forward. The BOA will continue to pay attention to the course of such discussions and strive to achieve audits that meet the expectations of Parliament and the public.

2. Implementation of ISSAIs in SAI Kazakhstan

- Karybaev Anuar Akparov-Kurmettievich

Recognizing the need for the development of new regulatory and methodological framework of external public audit, research was conducted on the mechanisms for implementation of International Standards of Supreme Audit Institutions (ISSAI) in the activities of external public audit of the Republic of Kazakhstan. The article presents the results of the research and offers information on steps taken to implement international standards and their derivative documents.

Strategic implementation of International Standards of public audit on a methodological basis in the Accounts Committee for Control over Execution of the Republican Budget (hereinafter - Accounts Committee) is an essential condition for successful reform of the system of public financial control.

The integration of Kazakhstan in the global economic community implies the unification of national financial reporting standards, audit and public financial control, and their maximum alignment to international requirements.

The standardization of public financial control is so important that that International Organization of Supreme Audit Institutions - INTOSAI - has developed a number of standards for the control and audit activities, which have been recommended for use by audit authorities of different countries to the extent to which such developed standards are compatible with the national legislation of these countries.

INTOSAI standards is primarily aimed at uniformity of the activities of the public sector audit in various countries in order to increase the effectiveness of international cooperation in the fight against corruption, financial fraud, embezzlement of public funds. However, INTOSAI standards should not be regarded as something written in stone, established once and for all. With the emergence of new realities in the system of public financial control of individual members, the INTOSAI recognized the need to update and revise those standards in order to maintain their usefulness and high quality [1]

Within the framework of the transition to the public audit, the Accounts Committee is actively working on the study and implementation of the appropriate provisions of international standards of public audit on a methodological basis. The provisions of most INTOSAI standards in varying degrees are used in the construction of a system of methodological support of activities of the Audit Committee.

To implement the standards of the public sector audit, the Audit Committee, takes into account the world experience which has resulted in the development of International Auditing Standards and experiences of foreign Supreme Audit Institutions (hereafter - SAI) in the development and application of their national standards. The Audit Committee develops and organizes its own national standards for control activities, taking into account the characteristics of the institutional and financial organization of the economy.

Considering that the transition of the system of public financial control in the public audit will require the development of a new regulatory and methodological framework of external public

audit, the Accounts Committee in 2014 conducted a study of the mechanism for implementation of international standards and guidelines of Supreme Audit Institutions (ISSAI) in the activities of external public audit of the Republic of Kazakhstan.

The research analyzed the regulatory and methodological base of the SAI of the Russian Federation, the Republic of Lithuania, Australia, Canada, Great Britain, Georgia, Sweden, the United States, including their experience in the implementation of ISSAI. The analysis of the experience of the implementation of ISSAI in SAI countries has shown that this process takes place in different ways, according to national circumstances, economic conditions and historical development of each country. So, I would like to note the experience of developing countries (the Russian Federation, Georgia and the Republic of Lithuania), who were with the Republic of Kazakhstan on the same starting positions on the issue of reforming the system of State Financial Control. The analysis shows that in these countries, the approach to the development of standards happens in stages.

The standards were developed on the basis of approved plans for their development. To improve its quality, the working groups were established to develop standards of external public financial control. At the same time, these countries refer to in the legislation on the use of ISA and ISSAI [2][3][4].

Based on the study and analysis of legal and methodological basis for an external public audit of the SAI of foreign countries, the following recommendations and suggestions were made:

1. The experience of foreign countries such as USA, Canada, Australia and the UK indicated that the system of public and municipal financial control is constructed as a single system. In these countries, standardization serves as a factor to ensure systematic interaction of the public financial control and methodological basis of their specialization and cooperation. [5][6].
2. The experience of countries such as the Russian Federation, Georgia, and Sweden revealed that the process of implementation of international auditing standards proceed in stages, taking into account the specifics of the development of a national system of SFC.
3. There should be an in-depth study of international auditing standards to determine the standards and requirements that are acceptable to our system of SFC. This will identify the necessary standards and requirements, which could be included in national standards and methodological documents of the public financial control and audit. It is necessary to prioritize the updation and development of these documents. Guidelines to these standards, methodical recommendations and regulations should be developed along with them.
4. There is also a need for regulation of acts and relations between public auditors and the independent auditors, as expressed in the publication of rules (standards) of audit activity. Updation and development of new standards should be based not only on ISSAIs, developed by INTOSAI, but also on the International Standards on Auditing developed by the International Federation of Accountants – (IFAC). It should also take into account the international standards for internal audit, which are developed by the Institute of Internal Auditors (IIA) and Standards of public internal financial control (PIFC) developed by the European Union.
5. In practice, the function of the internal control is not implemented in full, since virtually all of the work is focused on carrying out monitoring for compliance and much less attention is

paid to less important types of control - control of the financial reporting and control efficiency. All public agencies need a strong methodological framework and training in the field of internal audit. It is necessary to develop a methodology for the use of internal auditors, to monitor their activities and to ensure their professional development and training.

6. It is necessary to use international experience - to share experiences with other SAIs of equal status for the implementation of ISSAI, or international experts in the field of standards of public audit. INTOSAI Development Initiative (IDI) has also embarked on a program of implementation of ISSAIs (3i Program). Its purpose is to consistently facilitate implementation of the ISSAIs in member SAIs. The program aims to strengthen the public auditing practices in national organizations through capacity building for implementation of ISSAIs [7].

Improving the system of internal financial control promotes the wider use of the results in the work of the SAI. It seems that this experience should be taken into account in Kazakhstan.

On the basis of analytical review and comparative evaluation proposals and recommendations were to improve the regulatory and methodological framework of external public audit. The proposed five-level system of methodological basis of public audit and financial control will include standards as well guidance. The first level will be **fundamental and common standards for public external audit**, which must be respected by all organs of public audit and government auditors in the implementation of their activities, performance of functional tasks and powers, respectively.

The second level is the so-called **standards for organization of the Accounts Committee**.

The third level is the **working standards** which are a set of requirements that must be followed by public auditors during of the public audit - from the planning to the implementation of the outcome of the audit.

The fourth level are **specific standards**, which are the recommendations of the (practice) good governance in the public sector. For example: IT audit, public purchases auditing standard, Auditing Standard on sustainable development etc .

Specialized auditing standards have been prepared based on the analysis of financing schemes of the shadow economy and taking into account the standards of the FATF (Financial Action Task Force on Money Laundering).

The fifth level is **a practical guide** (methodical recommendations) consistent with the requirements of normative legal acts related to the application of standards of the public audit.

The system of codification of standards is to be developed on the basis of the instrument of conformity assessment (iCAT) with proposed steps to implementation of ISSAIs.

Under the proposed system of standards a clear structure of standards and guidelines for their use is needed. To systematize the structure of the proposed system of standards the codification system capable of providing ease of use of standards and further work on the improvement of standards of the public audit was proposed to .

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It is proposed to use the numerical notation for the codification of standards and the name of the standard. Codification will be a three-digit sequence number and the name of the standard. Each level standard will match the serial number level. For example: the first codification of the standards:

101 "name of the first standard."

Codification of the second level of standards:

201 "name of the second standard," and so on until the fifth level.

Within the framework of research, Draft Guidelines for the implementation of the provisions of acceptable standards of ISSAI in the activities of public external audit (financial control) of the Republic of Kazakhstan, were developed and submitted. Overall this guide proposes a phased implementation method as a way of gradual implementation of international standards in the activities of public external audit (financial control) of the Republic of Kazakhstan. A phased approach helps to develop and plan a program to improve the methodological basis over time and in accordance with reasonable sequence of measures taken.

In accordance with the provisions of the strategy for the implementation of the public audit in the Republic of Kazakhstan, full implementation of international standards for public external audit is planned in three phases.

The first phase:

The (preparatory) step is to conduct an analysis of conformity to determine the difference between the current position of the methodological framework for compliance with ISSAI and desired situation, in which the methodological base of external public audit (financial control) fully complies with the requirements and objectives of the Audit Committee.

Based on gap analysis, it is necessary to prepare an initial plan for the implementation of international standards.

The second phase:

The second stage is a complex set of measures to upgrade and develop new standards for public external audit, documents derived from them, and their approval.

The third phase:

This step represents the event in support of external public auditing standards, which involves a series of preparatory and training programs for all employees bodies exercising control in the country.

The successful implementation of the Guidelines will contribute to the achievement of the following results:

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- the development of public audit and financial control and the introduction of advanced methodology and practice of public audit;
- strengthening transparency and efficiency of the public sector through the implementation of high-quality financial audit and control (public audit), which comply with the provisions of international standards.
- the formation of a complete set of the relevant provisions of international acceptable standards and quality standards drawn up by the external public audit, documents derived from them;

It is expected that the implementation of these proposals would lead to the creation of full methodological framework of the Accounts Committee, which will greatly improve the organization of its work in all areas and activities and significantly improve the quality and effectiveness of the audit exercised by the Accounts Committee.

List of used sources

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- 5) *By Dan A. Smunic «The adoption of international auditing standards in Canada» <http://www.cga-canada.org>;*
- 6) *Petrakova SG Organizational and legal basis of the specialized financial control of Great Britain. M., 2005, pp. 55-75;*
- 7) *Guidelines on the implementation of financial audit standards // www.idicommunity.org - IDI Handbook V2, p. 66.*

3. Challenges that the SAI Faces in Adopting the ISSAIs **- SAI Korea**

With respect to the introduction and implementation of ISSAIs to domestic environments, there are three noticeable trends: Firstly, expansion of the scope, roles, and functions of auditing for the public sector; secondly, the convergence of accounting and audit standards among countries all over the world and between the private and public sectors; and lastly, a shift from rules-based to principle-based auditing standards.

These three trends are interconnected and have significant meaning in developing and implementing ISSAIs.

A. EXPANSION OF THE SCOPE, ROLES AND FUNCTIONS OF PUBLIC SECTOR AUDITING

Recently, as the functions of the government have continuously expanded and got complicated, scope and contents of auditing have also been broadened and become complex. In addition, with the trend of widening the government's accountability, public sector auditing has expanded its focus, beyond inspecting the government's compliance with laws, on reviewing its performance based on the so-called 4-E criteria, such as Economic feasibility, Efficiency, Equity, and Effectiveness.

Then what could be the implications of such increased scope and roles of public sector auditing for supreme audit institutions and ISSAIs?

As the highest-level independent body with the responsibility of securing accountability in using government funds and delivering good outcomes from it, Supreme Audit Institutions should be equipped with its own quality control system to ensure objectivity, integrity and professionalism in fulfilling their expected duties and functions. In this context, the audit standards are the foundation for the quality control system of a supreme audit institution. In other words, ensuring the compliance of every auditing activity with auditing standards and other related regulations is a key prerequisite to gaining the trust and confidence of the stakeholders, as well as the auditees, in the audit results. It is important to secure the trust of the auditees in the audit results, as such confidence leads to ensuring the acceptance and implementation of the recommendations made by the supreme audit institutions. In addition, the supreme audit institutions need to set an example for the auditees.

When it comes to public auditing standards, however, it is often the case that only auditors refer to the standards. Unlike accounting standards, audit standards are considered a means to an end, rather than an end in itself. Audit stakeholders are highly interested in the quality of audits, but not in the means referred to by the auditors in the process of auditing, unless there is an issue with the invoked standards. That is, it is not too much to say that the auditing standards for the public sector are of self-regulating characteristics. Nowadays, as public sector auditing has become more extensive and intensified, public auditing standards have been gaining significance and drawing ever more attention.

B. INTERNATIONAL AND PRIVATE-PUBLIC CONVERGENCE OF AUDITING STANDARDS

The international borders have blurred in the private sector due to recent developments in the accounting system and global economic integration. Many countries have adopted international accounting and auditing standards, such as the International Financial Reporting Standards (IFRS) or the International Standard on Auditing (ISA).

A similar trend is also shown in the public sector. As more and more of the budget is spent and used by organizations that are not directly under the government's control, more governments around the globe tend to adopt those international accounting or auditing standards, which are commonly used in the private sector such as the IFRS or ISA. International development organizations also acknowledge and support the development of international auditing standards, with which the recipient country's supreme audit institutions conduct audits on foreign aids, as an important means to ensure accountability.

In this regard, sharing the ideology of "Experientia mutua omnibus prodest," INTOSAI has been leading and facilitating its member countries to develop and introduce proper, effective and professional standards. The official enactment of ISSAIs in 2007 marked the culmination of years of such efforts by INTOSAI. The ISSAIs are not only a result of long-lasting cooperation among supreme audit institutions of various levels of authority for auditing, but also a product of close collaboration between private and public institutions for the development of international auditing standards. The ISSAIs have played a critical role in reducing the gap in auditing practices between the private and the public sectors and accelerated the trend of such convergence.

However, this trend also leads to a challenge: since each supreme audit institution needs to have standards tailored to their own audit systems and environments, the ISSAIs cannot be and should not be directly applied to the domestic environments without adjustment or coordination.

C. SHIFT FROM RULES-BASED TO PRINCIPLE-BASED AUDITING STANDARDS

Lastly, it is worth to note the shift from rule-based to principle- or goal-based auditing standards. Comparison between rules-based auditing standards and principles-based accounting and auditing standards has been a long-standing controversy. The most recent discussion was induced by the enactment of Sarbanes-Oxley Act, in 2002, following the Enron scandal. At that time, many questions were thrown around the existing rules-based auditing standards. For example, there were concerns that the existing rules-based auditing standards could put restrictions on professional judgment of accountants and auditors, while failing to prevent illegal practices, secure the comparability and reflect the economic reality, which may then create complexity, excessive burden or delay in actual works.

Increased roles and scopes of public auditing also contribute to the shift from rules-based to principle-based auditing standards. This is because professional judgment on how to apply

the principles to various cases would be used more in performance auditing than in compliance auditing. That is, rules-based standards are more useful in the stable circumstances of little changes.

For INTOSAI members, the ISSAIs should be adopted as ground principles to establish concrete rules and regulations reflecting domestic conditions. From this perspective, it is within bounds to say that the adoption of ISSAIs means a transition from a rules-based audit quality control system to that of a principle-based system.

This poses a greater challenge to supreme audit institutions: the implementation of ISSAIs or the shift from rules-based system to principle-based one does not simply mean to include the international standards into the domestic system. Given the effects that auditing standards can bring in on to the behavior of auditors, as well as to auditing directions of supreme audit institutions in responding to changing audit environments, the adoption of ISSAIs is expected to have a greater ripple effect to the extent of the auditors' capabilities, organizational culture and the auditing propensity of the institutions.

Clearly, there are many potential benefits from the implementation of ISSAIs. However, it would require the efforts of the whole supreme audit institution from top to bottom to maximize such benefits. In that sense, many years of preparation and investment would be necessary for supreme audit institutions to develop a transition strategy and detailed measures to implement the ISSAIs.

1. LESSONS FROM THE BAI'S EXPERIENCE

The Board of Audit and Inspection of Korea (hereinafter, the "BAI") was established according to the Constitution of the Republic of Korea as an independent administrative organization to inspect and examine the settlement of the revenues and expenditures of the State, the accounts of the State and other organizations, and the job performances of the executive agencies and public officials. The BAI was established in the current form after the General Accounting Office and Commission of Inspection had been merged in recognition that the functions of audits of the two separate organizations were closely related and not clearly distinguishable.

For the two decades since its establishment, one of the major responsibilities of the BAI had been to verify the legitimacy of the activities of government organizations. Through such supervision and inspection, it uncovered, regulated and curbed any corruption, mismanagement and improper execution of public funds, which contributed to the success of the government-led economic development in Korea.

In the early 1980s, there was an increasing demand for better management of public expenditure and government performance. To meet such growing demands, the BAI put more focus on performance audits on the public sector.

In 1999, the BAI first introduced the Public Sector Audit Standards as a cornerstone in transitioning to principle-based auditing standards, but without enough awareness or understanding about the implications of such change. Looking at the laws and regulations concerning the BAI of that time, they consisted of extremely strict regulations on how to ensure

proper exercise of the auditing rights that the Constitution and the Board of Audit and Inspection Act had granted to the BAI. The regulations were procedure-oriented and did not sufficiently address the goals and principles required to charter a course.

The Board of Audit and Inspection (BAI) of Korea is to conduct a performance audit as well as a financial statement audit. For a performance audit, unlike the latter, detailed and concrete regulations are imperative, hence securing legal stability through rules-based regulations. Comparing such a rules-based system with internationally certified auditing standards, the procedure-oriented norms have limits in several areas, including ensuring audit quality, communicating with auditees, and providing direction for an audit regulation revision in response to changing auditing environment.

One critical issue is that the Public Sector Audit Standards was simply modeled after the international standards, without proper adjustment to the local conditions, and therefore, failed to secure the compatibility with the existing audit and inspection practices set by the BAI. Additionally, the Public Sector Audit Standards could not have a systematic reform, even when it is one of the advantages of the principle-based audit system. As a result, the Standards were left as unrealistic and drew less attention of the succeeding Auditor Generals.

Similar to the BAI, many supreme audit institutions in developing countries are required to play more active roles in eradicating corruption, that is, in securing the legality of government activities. That is to say that the supreme audit institutions in developing countries are compelled to choose a rules-based control system. Moreover, the lack of capability of their auditors for professional judgment holds back those supreme audit institutions from transforming into a principle-based system, which relies largely on the expertise of auditors.

2. IMPLEMENTATION OF ISSAIs : A TRANSITION STRATEGY FROM A RULES - BASED TO A PRINCIPLE-BASED AUDITING SYSTEM

Based on the lessons from the BAI's experience, the strategies to implement or transform into the ISSAIs can be suggested, as follows:

- 1) To conduct a comparative analysis between the ISSAIs and the existing legal system;
- 2) To adopt the ISSAIs, reflecting the domestic audit environments of each country;
- 3) To coordinate the existing legal system with the newly adopted auditing standards;
- 4) To establish a procedure and system for regular reform of auditing standards;
- 5) To provide proper and continuous training for auditors to enhance their audit capability and knowledge on auditing standards;
- 6) To conduct regular checks on compliance with auditing standards and its actual effects;
- 7) To improve the audit capabilities at the organizational level to enact and amend auditing standards; and finally,
- 8) To ensure the sustaining interest of the top management.

The aforementioned measures show that the implementation of the ISSAIs requires significant amount of time and resources.

Articles : Theme of the issue : Implementation of ISSAIs

Given the circumstances, a question can be raised on whether it is worth making such efforts for the adoption of the ISSAIs, especially when there is already a well-working domestic legal system. The previously mentioned three trends in auditing environments keep pushing the supreme audit institutions to face the ultimate question, “who should audit the supreme audit institutions?” Therefore, staying content with the status quo would make the supreme audit institutions unable to respond to the increasing demand for higher quality audits with better competitiveness, fairness, objectivity and independency.

Therefore, the adoption of the ISSAIs, or the transformation of public auditing towards the principle-based auditing standards, is an inevitable choice. However, it is not an easy task to design and build a new legal system from scratch that is tailored to each domestic auditing environment. To compare the regulatory elements of the existing legal system to the structure of the ISSAIs by mapping would provide a good glimpse on any inconsistencies or contradictions between the two. As for the successful implementation of the ISSAIs, it is necessary to adopt the standards in a way to reflect the domestic conditions based on mapping or gap analyses. It could not be stressed enough that each INTOSAI member should give their due consideration to this big challenge of successful ISSAIs implementation the motto of “Mutual Experience Benefits All.”

4. ISSAI Implementation in Comptroller & Auditor General of India

- SAI India

The INTOSAI Standards for Supreme Audit Institutions (ISSAI) framework, formally established in 2007, reflects the ambition of the international Organization of Supreme Audit Institutions (INTOSAI) to provide its membership and other interested parties with a framework of professional high-quality auditing standards. The ISSAIs state the basic prerequisites for the proper functioning and professional conduct of Supreme Audit Institutions and the fundamental principles in auditing of public entities. The ISSAIs are the framework of standards within INTOSAI. The INCOSAI in Johannesburg, South Africa, in 2010 called upon INTOSAI members to:

- Use the ISSAI framework as a common frame of reference for public sector auditing;
 - Measure their own performance and auditing guidance against the ISSAIs;
 - Implement the ISSAIs in accordance with their mandate and national legislation
2. The ISSAIs form a hierarchy of official pronouncements with four levels.

Level 1 – Founding Principles (ISSAIs 1-9)

Level 2 – Prerequisites for the Functioning of Supreme Audit Institutions (ISSAIs 10–99)

Level 3 – Fundamental Auditing Principles (ISSAIs 100–999)

Level 4 – Auditing Guidelines (ISSAIs 1000–5999)

In addition there are INTOSAI Governance standards.

INVOLVEMENT OF SAI INDIA

3. SAI India has been an active participant in formulation of standards and procedures and has been contributing in various INTOSAI committees relating to the standards setting. Presently, SAI India is represented in following committees:

- Knowledge Sharing Committee (Chair)
- Working Group on IT Audit (Chair)
- Common Forum (Chair)
- Steering Committee of Professional Standards Committee (PSC) and the Compliance audit subcommittee, Financial audit subcommittee and Performance audit subcommittee
- Working group on environmental auditing
- Working Group on Public Debt
- Working Group on Audit of Extractive Industries
- Task Force on Procurement Contract Audit
- INTOSAI Finance and Administration Committee (FAC)

AUDITING STANDARDS AND AUDITING GUIDELINES OF SAI INDIA

4. The mandate given to SAI India by the Constitution of India and the Act gives powers to CAG of India to adopt appropriate Standards. The applicable regulations provide that the international auditing standards may be considered and suitably adapted keeping in view the mandate given by the Constitution of India. SAI India's Auditing Standards 2002 are based on ISSAIs level 3 (ISSAIs 100–400) as approved in the year 2001. Level 3 ISSAIs have been revised in November 2013 at INCOSAI Beijing. The new ISSAIs provide the standards as per the type of audit as against the audit process which was the basis of earlier standards. Consequently, SAI India's Auditing Standards are currently under revision to align with the new ISSAIs Level 3.

4.1 A gap analysis of the SAI India's Auditing Standards with International Standards was carried out with a conclusion that C&AG's auditing standards are generally in compliance with ISSAIs (Level 3) with certain minor exceptions. In pursuance of the outcome of the gap analysis, Code of Ethics and Audit Quality management Framework applicable to the Department have been formulated and adopted. As an active partner for promotion and implementation of ISSAIs, SAI India has also committed to complete ISSAI Compliance Assessment Tool (iCAT) assessment for all audit functions. So far, SAI India has conducted the iCAT assessment of Performance and Financial audit function and the iCAT assessment of Compliance auditing function is under way. The results of these assessments have been used while revising the audit guidelines.

4.2 Revisions of Guidelines are a dynamic exercise to keep the professional practices in line with the best practices, to adopt new learnings and to deal with the new challenges. The SAI India Auditing Guidelines are being developed by adapting ISSAIs level 4, keeping SAI India's unique requirements in view. This option would provide the appropriate rigor of International Standards (ISSAIs) and would also provide necessary flexibility. The present stage of development and implementation of detailed guidelines on Financial, Performance and Compliance Audits are as under.

- The Performance Audit guidelines have been finalized and implemented.
- The Financial Attest Audit guidelines for audit of State Government accounts have been finalized and implemented. .
- The Compliance Audit guidelines are in the process of finalization

THE UNIQUE REQUIREMENTS OF SAI INDIA:

5. The SAI India functions in a complex environment. The complexities can be seen in the light of size of our audit universe, number of auditing staff, mandate of auditing across layers of governance and sectors etc. As a result, it is a challenging task to implement Auditing Standards in a uniform manner. Effort towards assimilation of standards, guidelines and instructions by the audit teams is an ongoing exercise. In view of the aforementioned complexities, the monitoring and assurance of audit processes need a different approach from what generally exist in other SAIs. The most important challenge is to carry the requirements to all the members of audit staff.

AWARENESS, ASSIMILATION AND CHANGE MANAGEMENT STRATEGY

6. Seminars, training programmes and workshops are being organised to create awareness about Standards and Guidelines in the Department. A Structured Training Module has been prepared on basics of ISSAIs. Training institutes have been requested to invariably include a session on ISSAIs and SAI India's Auditing Standards in their training programmes. Specific workshops are being designed for providing support for implementation of guidelines. Practice notes to deal with specific issues are also being prepared.

Audit methodology is the core strength of a SAI. It is of paramount importance for the credibility of the SAI that the audit practices should be robust, the staff is knowledgeable and skilled about the functions they are expected to perform and appropriate quality assurance mechanism exists. The ISSAI implementation would help in achieving these objectives, but it requires a well laid out strategy, commitment of the leadership and sustained effort.

Other Articles

1. Effective use of Budget Funds disbursed by the Public Procurement Mechanism

- Mr. Dilmurod Davlatzoda, Chairman, SAI Tajikistan

State financial control is traditionally aimed at compliance with the target component of the resources allocated from the budget. New orientation in the organization of control processes led to the assessment of the effectiveness of the use of budget funds, i.e. the development of performance audit. As a result of new development phase in the directions and tasks of the state financial control, it has become necessary to change the audit approach and methodology, as well as the organizational structures. But only these changes may lead to more effective system of the state financial control in the Republic of Tajikistan and contribute to the formation of state external audit institution that uses the current international practice. Harnessing the power of the state audit can effectively improve the work of the authorities and ensure transparency in the use of public funds for the benefit of society.

An important task in modern conditions is to establish an effective state fiscal control in the Republic of Tajikistan.

Thus, currently one of the most important activities of the developed countries' Supreme Audit Institutions (SAIs) is the performance audit. The primary purpose here is to determine the socio-economic benefits of using state funds, as well as the development of recommendations to improve the effectiveness, economy and efficiency of the use of budget funds and public financial management in general. Performance audit became popular in the budget systems where the focus is not only on targeted budget spending but also on achievement of the final result.

There are high requirements and expectations from the SAIs in the 21st century. The reason is that SAIs play such an important role in ensuring the accountability of governments for the way they manage public funds and guarantee transparency. SAIs are uniquely positioned to express an independent opinion on the quality of public sector management. Hence, this means that the SAIs should:

- adhere to the highest professional standards;
- implement their mandates as effectively as possible in environments characterized by constant changes and challenges;
- provide continuing assessment of their activities;
- raise the professional and institutional capacity to more effective and efficient application of its powers.

Accounts Chamber (AC) of the Republic of Tajikistan in the process of implementation of the assigned tasks has focused its efforts on further quality improvement of the audit activities and their methodological support, improving the level of work planning. AC continued the reforms in terms of the transition to International Standards of SAIs (ISSAIs), providing transparency of its own activities. Moreover, the best international experience is being studied and implemented.

The public finance management reforms carried out in recent years in accordance with the "Strategy on Public Financial Management reforms during 2009-2018" approved by the Government of the Republic of Tajikistan among other objectives aims also to achieve efficiency and transparency in the process of budget management.

Public procurement plays a significant role in the structure of government financial activities and it should be based on the principles of transparency of the procurement procedures, ensuring fair competition, designed to most effectively meet the state's needs in goods, works and services. Based on national legislation, public procurement covered expenses to the tune of \$2 billion. 252 million Somoni which is roughly 15 percent of the state budget expenditure.

The most important priority established by the Law of the Republic of Tajikistan "On public procurement of goods, works and services" is economical, but effective use of public funds. Over the past year, the savings from public procurement procedures amounted to 137.5 million Somoni, i.e. 6 percent of the funds allocated for the public procurement. Of course, this figure itself does not say anything, and can become meaningful only when a comprehensive analysis is made, however, it indicates the real cost-efficiency of procurement performance. On the other hand, in order to save by reducing prices in the tender more than 113 requests amounting to 30.4 million Somoni did not take place. In a market economy a major factor in reducing the price of goods is competitiveness of goods.

It should be noted that public procurement in the Republic of Tajikistan is only partially decentralized, and the functions of procurement on behalf of unskilled procuring entities are assigned to the Public Procurement Agency under the Government of the Republic of Tajikistan. Currently the status of "qualified procuring entity" with the right of self-procurement is provided only to 28 procuring entities, although the share of decentralized procurements in total volume of concluded contracts is higher.

In the last year, the percentage of centralized and decentralized procurements was 45% and 55% respectively. Accounts Chamber analyzed the activities of the body authorized for the implementation of the public procurement policies and other purchasing organizations for efficient use of public funds.

First of all, it should be noted that there was no comprehensive system to assess the effectiveness of the use of budget funds disbursed through the mechanism of public procurement. The public procurement legislation of the country does not provide for evaluation of such an important figure to assess the final real benefit from procurement in relation to the tasks set out initially in procurement planning. The final procurement phase involves completion by the contracted parties by supply of goods, works and their funding. Therefore, the client's duties are limited to the control of the contract execution.

Part of the problem of evaluation of the effectiveness of public procurement can be solved within the framework of the funding program of public institutions on the basis of industry funding of ministries that provides the performance and efficiency assessment of use of allocated budgetary funds based on pre-defined indicators. But this reform is still in its intermediate stage, and in any case, a comprehensive assessment of ministries' and agencies' expenditures should be supported by the analytical instruments at the public procurement level.

It should be noted that certain actions for the procurement effectiveness evaluation were recently taken, namely the project for the preparation of the Report on the performance assessment of public procurement, based on the evaluation criteria in accordance with international standards. This project is just intended to pave the way for a comprehensive and universal evaluation of the effectiveness of the procurement system. The project was launched in 2014 on a pilot basis in the Public Procurement Agency according to some pre-selected criteria. The final version is supposed to be used all over the country on the basis of all the evaluation criterions.

Audit activities of the Accounts Chamber within the short period of its existence has identified several characteristics both in terms of efficient use of funds and in the more general context of the system of public procurement.

The concern is that the award of public contracts in most cases is based on the principle of the lowest price. Identifying the priority of the acquisition of goods and works at a low price, customers should not forget the fundamental criteria of efficiency in procurement that is to determine the optimal price plus quality or, where appropriate, to use the criteria for determining the winner on the basis of the lowest evaluated bid value. Unfortunately, the criterion of the lowest evaluated cost is very rarely used, which in turn reduces the possibility of estimating the effective use of funds.

The current law only provides for the economy of procurement as a whole and the regulations establish a general monitoring framework of pre-purchasing prices. In order to manage and avoid differences on the fair price between customers, suppliers and supervisors arising in the procurement process and during the audit work, the Accounts Chamber recommended that the draft of the new law should include regulations on the procedure for calculating the average price in the preliminary price monitoring stage, followed by detailed secondary legislation.

The planning process that is also important for the effective use of resources and directly precedes the procurement procedure based on the approved annual procurement plan also has to be improved. The efforts of the authorized body to provide the clients with annual plans and place them into a single portal of public procurement give partial effect, despite the fact that at the beginning of the year corresponding instructions are sent to the procuring entities. Given the ineffectiveness of the current approach, the competent authority should take more effective actions based not only on coercion but also provide the conditions for the implementation of this requirement using information technology. The optimal solution would be a creation of a personnel office for procuring entities within a framework of a single public procurement portal for the formation and maintenance of the annual purchase plan. Organizing this process would help the competent authority to optimize their operations and focus on other important areas of their work.

Another vulnerable element in evaluating the procurement effectiveness identified in the activity of the Accounts Chamber is the lack of a comprehensive mechanism to monitor execution of contracts. Unfortunately, there are facts of improper execution of the contracts by suppliers and contractors and although overall the proportion of such contracts is insignificant, situation calls for radical improvement. Particularly, there is a need for further use of modern information technology. In this regard, the competent authority in the field of public procurement is advised to take appropriate actions, in particular the development of guidelines for the contracts management with the simultaneous introduction of IT for their effective implementation.

It should be stated that one of the main factors underlying the raised problems is the lack of procurement professionals. The activities of the persons responsible for procurement are secondary in relation to the main functions and hence, require shallow level of knowledge and skills. Activities of the Public Procurement Agency under the Government of the Republic of Tajikistan are professional in terms of features, powers and tasks of the department but can't fully compensate for the lack of a professional approach. This is mainly because of the limited staff numbers, diverting most of the Agency's time and resources to carry out the procurement procedures, as well as the gaps in the performance of the duties assigned to the customer and the Agency due to the uniqueness of centralized procurements.

Precisely because of these factors in October of this year it is planned to launch a project together with the international financial institutions to increase the capacity in the area of public procurement, providing trainings to 1200 employees from procuring entities across the country on the basis of the developed training modules. This method is the first in a series of steps to build a deeper and more systematic approach for procurement, and cannot fully ensure the professionalization of purchase activities. In this regard, draft of the new law "On Public Procurement", the development of which started at the beginning of 2015, includes the principles and foundations of the procurement professionalization.

Another equally important issue that needs to be addressed is the creation of a new mechanism for the resolution of complaints and claims arising from the implementation of procurement procedures. At the moment, suppliers and contractors can approach the procuring entity and at the same time the body authorized for their complaints which became possible after the adoption of the amendments to the Law in 2012 that had previously provided a phased consideration of complaints. Despite this amendment, it can really act only in respect of procurements made without participation of the authorized body. In procurement procedures which are carried out by the authorized body, the effect of such a mechanism is weakened by the fact that the authorized body presents both as an arbitrator and the respondent. Resolution of this contradiction may be the creation of an independent body that considers complaints. In addition, the current legislation prohibits appeal against decisions of the tender commission to determine the best offer, which significantly restricts the rights of bidders and do not lead to efficiency in procurement. These issues are also on the agenda of reforming of procurement legislation.

One of the problems is the absence of Strategy on development of public procurement for a specified period with a corresponding matrix of measures. However, there is an e-procurement program for 2013-2015, but at the moment the e-procurement covers not more than 2 percent of purchases. Establishment of specific actions and their prioritization would streamline the reform process and contribute to the achievement of planned objectives.

Along with the existing problems we should also state the positive developments.

It is known that the procurement efficiency is largely dependent on the transparency of procurement procedures, which in turn implies compliance with the provisions of the legislation on the choice of procurement methods that maximize open competition. For example, in 2013 the share of trading with unlimited participation of applicants was 98.5% of the total procurement procedures. Techniques such as single-source procurement, request for quotations and restricted tendering were used very rarely. Transparency process is contributed by the fact that the notifications of the upcoming auctions, as well as information on the award of the contract are published on the public procurement portal.

The introduction of e-procurement in 2013 was a very important step in improving the public procurement system. As part of an automated system of public procurement the e-procurement is carried out by the method of request for quotations, the essence of which lies in the automatic ranking of bids and generation of appropriate protocols without the formation of bidding commission. The role of the human factor is minimized mainly to the technical support of the process by operators. The system significantly reduces the risks of corruption since it is technically impossible to ban trading and it has been implemented in an electronic function for submission and consideration of claims. In addition, the system provides a one-time compliance confirmation to most of qualification requirements during the registration procedure.

The raised problems and achievements in the field of public procurement in the Republic of Tajikistan suggest that this part of financial management is in its infancy as a stable system and therefore requires further substantial reforms.

The Accounts Chamber puts the development of management capacity in the field of public procurement as the main task to achieve the goals. This in turn requires enhancing capacity for the comprehensive training of persons involved in the procurement process. The lack of procurement professionals will not give full effect to the implementation of reforms. It is also important to teach managers of procuring entities the basics of public procurement. Managers' confidence in the recommendations and decisions of subordinate officials and agencies on procurement issues should be supported by their own knowledge.

In June 2014, a year after the accession to the World Trade Organization, the Republic of Tajikistan received the status of "observer" in the Agreement on Government Procurement of the WTO. As part of the implementation of the Free Trade Agreement of the Commonwealth of Independent States the work on the draft Protocol on rules and procedures regulating to public procurement between countries is almost completed.

Opening access to the domestic market due the participation of Tajikistan in these agreements will greatly improve the efficiency of use of budget funds within public procurement framework. Both customers and participants will be in the new environment that provides a higher level of competition, responsibility and accountability in the format of multilateral country level relations that will mean a qualitative transformation to the best international standards in the field of public procurement.

The new procurement legislation that is the basis for the transition to the new conditions of public procurement must pass anti-corruption expertise. The corruption component in public procurement is not mentioned in this paper not because of its non-existence in public procurement system but because the causes and factors contributing to it are well-known.

The current priority tasks of the Accounts Chamber are the detection and suppression of possible shortcomings and gaps in the procurement system with the introduction of recommendations and proposals to optimize procurement activities, coordination of actions for the establishment of an integrated approach to evaluate the effectiveness of public procurement. The final contribution of the Accounts Chamber to the reform of public procurement might be the elimination of obstacles to the establishment of stable public procurement system subject to a minimum management and corruption risks. Thus, it is necessary to carry out actions to improve the e-procurement system and infrastructure on the following three major components:

1. TO IMPROVE THE LEGAL AND REGULATORY FRAMEWORK:

- Development of regulations on the basis of the new law "On public procurement";
- Develop procedures for procurement and guidelines for the execution of contracts;
- Upgrade the standard bidding documents according to the new law "On public procurement".

2. TO IMPROVE THE INSTITUTIONAL DEVELOPMENT:

- Strengthening the structure of the Agency for public procurement with an aim of effective and independent performance;
- Improving the complaints administration mechanism through the establishment of an independent complaints administration body.

3. TO IMPROVE THE E-PROCUREMENT SYSTEM:

- Development of the auction module;
- Development of the contracts execution module and its integration into the treasury system;
- Improve procurement planning module and its integration in the budget;
- Development of a module for receiving complaints online;
- Development of information system for procurement management;
- Strengthen the capacity of all stakeholders in the process of e-procurement.

Often buying cheap products without paying attention to its quality, operating costs and functionality eventually leads to an increase of final expenditures. In order to avoid some of these problems the above-mentioned activities should be implemented in the public procurement system.

Public procurement is important in the Republic of Tajikistan and represents a system that aims at more effective and transparent public finance usage when purchasing goods and services for the protection of life, health and the environment. In addition, public procurement ensures sustainable development favoring intra-national trade through the provision of equal rights to procuring authorities and determining the responsibilities of the parties involved in this process.

I would like to point out that the area of public procurement will always be monitored by the Accounts Chamber of the Republic of Tajikistan because the amount of state budget depends on the substantial resources needed for the procurement of goods, works or services to meet the needs of the procuring agencies.

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Proper Implementation Issue of the Audit

- Assoc. Prof. Recai AKYEL, President, **SAI Turkey**

INTRODUCTION

Audit is necessary and important in terms of providing related parties with assurance on the proper implementation and quality of the work performed. Audit should be performed properly as it is an important mission. The benefit expected from the audit is possible only with proper implementation. Lack of audit is a risk, yet improper audit is another risk. Improper implementation of the audit leads to negative consequences.

In this study, it is emphasized that audit is an important mission and should be performed properly. Next, the requirements to cover for the proper implementation of the audit are pointed out. In this context, important points such as general principals of the audit, ethic rules of the audit, independence and quality control assurance will be clarified. In conclusion, some recommendations will be introduced.

1. AUDIT IS IMPORTANT AND MUST BE PERFORMED PROPERLY

The audits performed properly can play crucial roles for a well-functioning democracy and a sound public management system. The roles of high quality audits are increasing in parallel with a growing demand for governments to be more accountable, transparent and effective. The extent to which audit organizations are able to make a difference to the lives of citizens depends on their effectiveness in strengthening the accountability, integrity and transparency of public entities (Akyel and Kose, 2013: 5510). The audits performed properly add too much value to efforts for combating fraud and corruption and increases public confidence to the public management.

Today, there is a stronger demand for promoting democracy and good governance, which requires strengthening transparency and accountability. To respond to that demand, audit organizations are gaining great importance (Akyel and Kose, 2011) and their role and responsibilities are increasing constantly. In this context, the quality of audits is one of the most important issue to meet the demand and make useful changes in public financial management.

Lack of audit is a risk, yet improper audit is another risk. Improper implementation of the audit leads to negative consequences. If not properly dealt with, the benefits expected from audit does not come true. Resources become wasted. The credibility and respectability of audit institution suffer. The perception that auditors are not in compliance with rules prevail. The necessity of the audit functions is questioned.

Each mistake of audit institution and noncompliance of auditors with ethics lead to questioning credibility for the existence and necessity of the audit. Yet, it is the social responsibility of an audit institution in social life to raise awareness for necessity and importance of the audit. The most concrete way of doing this is to make audit properly.

In order for audit to be implemented properly, some requirements need to be fulfilled.

2. REQUIREMENTS FOR IMPLEMENTATION OF PROPER AND QUALITY AUDIT

There are two main components in performing audit. One is the audit organization and the rules of it. In this context, general auditing principals as to the audit functions of audit organization must be clear and be complied with. Another is the human resource to carry out audit activities. In this context too, code of ethics of human resources to carry out audit, that is of auditors, should be clear and complied with.

2.1. General principles of audit

General Principals of an audit organization regarding how to carry out audit activities must be clear beforehand. Audit organization must carry out its audit functions in line with these principals which are set out and declared beforehand. In this study, general audit principals (6085; article.35) of Turkish Court of Accounts is dealt with as a sample audit organization.

- a) What it is meant by audit is clarified by defining the audit. Audit is the examination of accounts, financial transactions, and the evaluation of effective, economic, efficient and legal usage of public resources.
- b) The limit of the audit has been drawn. Turkish court of Accounts shall not undertake propriety audit and shall not render decisions that limit or remove the discretionary powers of administrations.
- c) The rules to be followed by audit are determined. Audit shall be carried out in accordance with the generally accepted international auditing standards.
- d) Independence and impartiality of the audit is recognized. Turkish Court of Accounts and auditors shall carry out audit activities independently and impartially. Turkish Court of Accounts shall not be given instruction in planning, programming and executing of the audit function.
- e) The importance of the audit methodology is specified. Audits shall be carried out with due consideration to the implementation of the contemporary audit methodologies.
- f) Qualification of audit professionals is considered important. For effective fulfillment of audit function, technical and professional competencies of personnel of Turkish Court of Accounts shall be developed.
- g) Quality control is adopted: For maintaining quality assurance, each stage of audit shall be reviewed constantly in terms of its conformity with audit standards, strategic plans, audit programs and professional code of ethics.

Audit organizations can determine the general principles of audit within the legal and administrative framework of their own countries. The important thing is to determine these principles beforehand and to comply with.

2.2. Code of ethics of audit

Just as the code of ethics each professional has to follow, so do audit professionals. Primarily as is the case with international auditing standards, different audit organizations have audit code of ethics peculiar to themselves. Code of ethics addressed to public sector auditors have

been issued by the International Organization of Supreme Audit Institution (INTOSAI). In this study, firstly code of ethics of the international auditing standards will be introduced, and then the practice of the Turkish Court of Accounts (TCA) will be taken as sample.

2.2.1. Standards on Code of Ethics

Standards on code of ethics (ISSAI 30) addressed to the public sector auditors as well as general standards in government auditing and standards with ethical importance (ISSAI have been issued by the International Organization of Supreme Audit Institution)

a) Significance of the Code of Ethics

Code of Ethics is comprehensive statement of the values and principles which should guide the daily work of auditors. The independence, powers and responsibilities of the public sector auditor place high expectation for code of ethic behaviors from the SAs and the staff assigned for audit work (ISSAI 30, Code of Ethics).

b) Standards with ethical significance

There are standards of ethical importance in public audit. They can be counted as the following: (ISSAI 200; General Standards in Government Auditing and Standards with Ethical Significance)

- a) The auditor and the SAI must be independent
- b) SAs should avoid conflict of interest between the auditor and the entity under the audit
- c) The auditor and the SAI must possess the required competence
- d) The auditor and the SAI must exercise due care and concern in complying with the INTOSAI auditing standards. This embraces due care in planning, specifying, gathering and evaluating evidence, and in reporting findings, conclusions and recommendations.

2.2.2. The Code of Ethics of the TCA

Turkish Court of Auditors (TCA) has established and declared the principals and procedures for auditors' code of ethics (Official journal, 17.12.2011-28145) based on the reference by standard (ISSAI 30) of the INTOSAI on the code of ethics addressed to the public sector auditors. The content of this regulation can be explained by the following systematic.

Obedience to the Code of Ethics

The purpose of this regulation is to establish the procedures and principals on code of ethics to be complied by TCA auditors (art: 1). TCA auditors acknowledge the significance of code of ethics, abide by the rules in all circumstances (art:4)

Independence

TCA auditors act independent of the public entity under audit and other related parties. They keep away from any behavior and relationship that can damage their independence or give such impression. They avoid from every influence to keep their independence (art.5)

Impartiality and Objectivity

TCA auditors;

- a) Perform their duties without any pressure, influence and leading; do not take part in any activity or relationship that may damage the impartiality or lead to such impression around; keep independence against all sort of pressure.
- b) In evaluating information and documents related to the duties; act fair, independent, and impartial; comply with objectivity that profession requires.
- c) They declare work-related opinion and conviction with justification.
- d) They prepare their report without leaving any room for doubt and based on the evidence collected in compliance with generally accepted international auditing standards (art.6).

Honesty

TCA auditors;

- a) Shall carry out duties with honesty, integrity, due care and responsibility.
- b) Shall not make statement, commitment or initiative binding the TCA by exceeding their authority in the course of performing their duties.
- c) Shall avoid from any image, manner and act which damage prestige and reliability
- d) Shall be honest in using public resources with respect to duties; not use and cause the usage of public building and vehicles as well as other public goods and resources except public goals and service requirements; avoid from extravagance in using resources.
- e) Shall prove to be worthy of esteem and credit required by their duties with their behaviors; avoid from manners damaging the sense of trust, arousing doubt and harming the principle of justice (art.7).

Equality;

TCA auditors;

- a) Shall act in compliance with the principle of equality before the law in the course of performing duties.
- b) Shall perform duties irrespective of the differences based on the language, religious, gender, social and economic status, political belief and other similar reasons.
- c) In the course of performing their assignment, auditors may not harbor bias against or in favor of any person or group or be in a exclusive manner (art.8)

Avoidance of Conflict of Interest

TCA Auditors;

- a) Shall refrain from any situation in the course of performing or with respect to their duties that may relate to their personal or relatives conflict of interest; not involve in audit, investigation and reporting activities, not disclose opinion and conviction on these matters.
- b) Shall refrain from any actual or potential conflict of interest provided to himself, relatives or connections as all benefits, financial or other instruments or similar interests that affect or seem to affect the objective and impartial performance of their duties

Articles : Other Articles

- c) Shall not work for three years on audit, investigation and reporting related to the institution, organization and affiliations for which they recently worked.
- d) Shall not demand from the audited entities additional facility or service except for audit requirements in the course of performing duties, not make use of public goods, service and human resources apart from service requirements and cause to use.
- e) Shall not make public servants or related individuals perform transactions out of law or force them to do so by using their job, title or influence to get benefit or privilege for themselves or relatives.
- f) Shall refuse any gift or reward that may be perceived to jeopardize or damage the independence and integrity and avert any potential conflict of interest; not receive any gift that can affect or possibly affect the independence, performance, performing duties or opinion.
- g) Shall not receive any gift or interest for themselves or relatives from individual or entities as related to their duties through direct or intermediary means (art.9)

Professional Competence and Due care

TCA Auditors;

- a) Shall constantly endeavor to develop Professional knowledge and skill at the level required by their duties. In the course of performing duties, they give importance to teamwork and collaboration among their colleagues; provide the necessary support expected from them.
- b) Shall present professional care and meticulous attention in the course of audit planning, implementing and preparing the audit report.
- c) Shall follow the profession-related legislation, national and international developments as a requirement of their professional competency.
- d) Shall know and apply the policies, procedures and implementation of the legislation in force, have enough information on the legal and institutional principles and standards directing the activities of the public entities under audit (art. 10).

Professional and Institutional Conscience

TCA auditors act in accordance with the purpose and mission of the TCA; avoid from manners that can damage the credit given by the society (art. 11).

Avoidance of Usage of Profession for getting Benefit

TCA Auditors;

- a) Shall not provide benefits and make mediation in favor of themselves, relatives or third parties through using their job, title or authority, sell or distribute their or third party's publication, periodical, CD or similar products, provide favor, donation or similar benefits to any institution, foundation, association or sporting clubs, apply nepotism or political discrimination or any sort of favoritism.
- b) Shall not use official or confidential information obtained in the course of performing their duties to provide direct or indirect economic, political, or social kind of benefits for themselves, relatives or third parties.

- c) Shall not mediate before the public administration, civil servants and other related institution and organizations under audit.
- d) Shall not ask for any revenue-generating request from the institutions and organizations through using their job, title or power (art.12)

Courtesy and Respect

TCA auditors cannot exhibit humiliating, degrading and arbitrary behaviors; make insulting, repressive or threatening practice; behave kindly and respectfully towards those they work together and related to their work (art.13)

Keeping Confidentiality and Professional Secrecy

TCA auditors shall not pass information obtained through their assignment not open to the public on to the unauthorized institutions or individuals in the form of personal interpretation, recommendation or any ways. They shall not disclose secrecies as well as confidential information with respect to the related person and third parties they accessed through their assignment to any institution or individual except for the authorities specified by law; use for their interest or to the detriment of third parties (14).

Responsibility of Managerial Staff

Managerial Staff;

- a) Shall not make discrimination among auditors, shall be fair, honest and credible to them.
- b) Shall contribute to the auditors in fulfilling their social and ethical responsibilities and encourage them to do so.
- c) Shall make a distinction between their professional and private life, care for professionalism in decision making and stick to the principle of equity in making segregation of duties.
- d) Shall make necessary rotation in drawing up audit planning not to damage the objectivity and independency of the auditors.
- e) Shall not make discrimination in terms of seniority and title among auditors except for the requirement of legislation and profession,
- f) Shall not make professional harassment directed to restrict the employee rights, damage the careers and psychological harassment (mobbing) intended to reduce the quality of work-life and take necessary measures to prevent.
- g) Shall provide auditors with proper training on professional code of ethics; follow the compliance with these rules and take the lead on ethical behavior.
- h) Shall ensure that professional code of ethics take part in basic, preparatory and in-service training program oriented to auditors (art.15)

Compliance with Professional Code of Ethics

- (1) TCA auditors are obliged to comply with professional code of ethics specified in this regulation

- (2) Board of Promotion and Discipline of Professional Personnel formed based on Law No. 6085 carry out necessary prosecution in line with provision in this regulation on the allegation that auditors are not in compliance with professional code of ethics and submit conclusion to the Presidency to be informed to those concerned and a copy of the decision is placed in to the personnel file of concerned.
- (3) In awarding promotions, professional code of ethics specified in this regulation is considered.
- (4) Where there are no provisions in this regulation, general provisions are taken as basis for procedures. (art.16)

3. INDEPENDENCE

Independence of audit organization is vitally important. Independence of audit organizations has been regulated first in the international auditing standards as well as their domestic law. Mexico Declaration (ISSAI 10) on Supreme Audit Institutions (SAIs) independence has been adopted by INTOSAI. Besides, Lima Declaration has regulatory rules on the independence of the SAIs.

As well as the independence of the audit organization, independence of the auditor is also mentioned. How independence of the auditor is understood is an important issue. The importance of independence of the auditor from the audited institution is very high, however, the limit and scope of the independence of the auditor are important to determine. In this study, the issue of independence is examined as practice of the Republic of Turkey in terms of both audit institution and auditor.

3.1. Independence in terms of Institution

- a) Turkish Court of Accounts shall have functional and institutional independence in carrying out its duties of examination, audit and taking final decision conferred by this Law and other laws (Law no:6085; art.3)
- b) Turkish Court of Accounts and auditors shall carry out audit activities independently and impartially. Turkish Court of Accounts shall not be given instruction in planning, programming and executing of the audit function (Law no:6085;art.35)

3.2 Independence in terms of Auditor

- a) Turkish Court of Accounts and auditors shall carry out audit activities independently and impartially (Law no:6085; art.35)
- b) The auditors shall carry out the audit and examination duties assigned by the President of Turkish Court of Accounts, or by heads of groups on behalf of him, within the framework of principles and procedures provided for in laws, by-laws, regulations, standards, circulars and guidelines; shall submit their results to the Presidency by a report, and carry out all other tasks prescribed herein (Law no: 6085; art.32)
- c) For maintaining quality assurance, each stage of audit shall be reviewed constantly in terms of its conformity with audit standards, strategic plans, audit programs and professional code of ethics (Law No:6085; art.35)

- d) TCA Auditors acknowledge the importance of professional code of ethics; stick to these rule in any case. These rules are as follows (The procedures and principals of TCA auditors on professional code of ethics)

Independence of the auditor is mentioned within the professional code of ethics of auditor. The independence of auditor should be interpreted within the context of many principles taking part in the Professional code of ethics. Independence of the auditor coexist and is accepted with the principle such as impartiality, integrity, and so on.

- e) Professional code of ethics is a comprehensive statement of the values and principles that should guide the daily routines of the auditors. The independence, authority and responsibilities of the public sector auditors bring with it high level ethical behavior from the Supreme Audit Institutions and personnel assigned for the audit (ISSAI 30, Code of Ethics)

4. QUALITY CONTROL SYSTEM MUST BE ESTABLISHED

As audit mission is important, the establishment of quality control system is a must within the audit institutions to ensure the proper implementation of the audit. The error risk of the auditor can be compensated with quality control system. Correct and high quality implementations of the work affect the credibility and reliability of the audit organizations.

A standard has been accepted in the Supreme Audit Institution covering the whole field of activity, convenient for the conditions of the functions and powers, aiming to support the establishment and maintenance of a quality control system intended to reply quality risks (ISSAI 40). SAIs should be able to benefit from the Quality Control standard for SAIs within the framework of their conditions and as far as they are of comprehensive nature to satisfy needs.

Quality Control System must be a part of the strategy, culture, policy and procedures of the audit institutions; Besides, quality control system must cover each phase of the audit work such as planning, implementation, reporting and follow-up and must be pertinent to all process (ISSAI 40)

A quality control system to be established in an audit organization is expected to cover certain elements. These elements are set out below (ISAI 40):

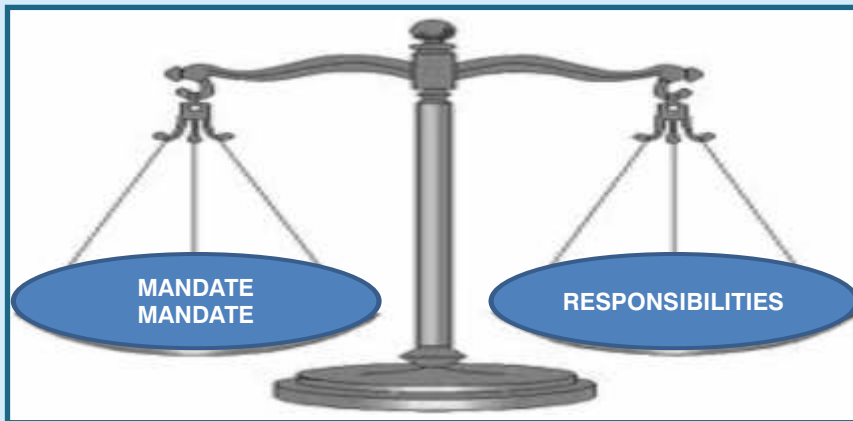
- Setting and implementation of the leadership responsibility oriented to the quality within the audit institution.
- Setting of the code of ethics with respect to the audit, announcement to the parties and ensuring the compliance to these rules.
- Establishment of the communication and relation network with those under audit: arrangement of the audit process and announcement to the parties.
- Improvement of the professional competence of audit human resource and ensuring the follow-up.
- Establishment and implementation of the necessary system in order for audit activities to be carried out in line with the quality
- Follow-up of audit findings

Along with counting the general components above, audit institutions can also allow for different components within the framework of their structure and to cover their meets.

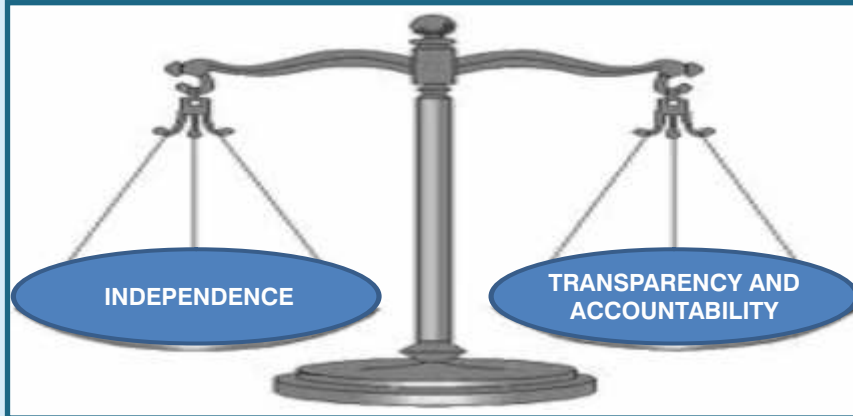
5. BALANCE SYSTEM MUST BE ESTABLISHED

A balance system must be established while decision, transaction and activities are being carried out. In general sense, the importance and necessity of establishing balance system on the basis of institution and incumbent must be acknowledged.

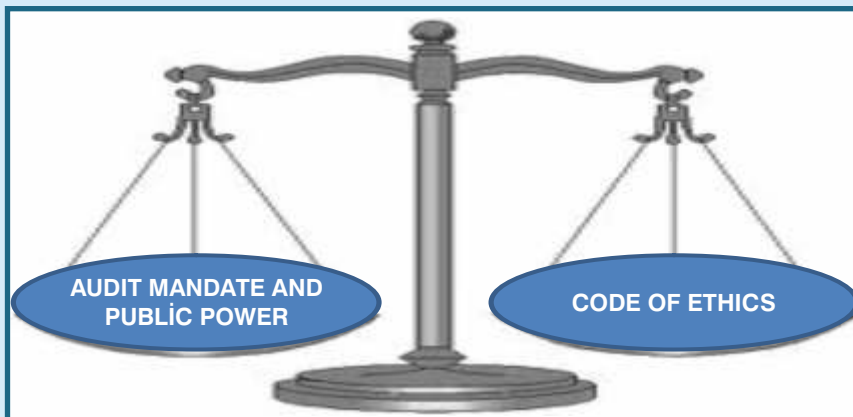
1) IN GENERAL



2) IN TERMS OF AUDIT INSTITUTION



3) IN TERMS OF AUDITOR



CONCLUSION

In case of proper implementation, audit provides many benefits known to all.

Lack of audit is a risk, yet improper audit is another risk. Improper implementation of the audit leads to negative consequences.

In case of not being properly dealt with, the benefits expected may not come true. Resources become wasted. The credibility and respectability of audit institution suffer. The perception that auditors are not in compliance with ethic rules prevails. The necessity of the audit functions is questioned.

Each mistake of audit institution and noncompliance of auditors with code of ethics lead to questioning the need for the existence and necessity of the audit.

Audit institution and auditors should be in endeavor to carry out their activities correctly and in line with quality and ethics. In this regard, necessary systems must be set up, process must be followed, related procedures must be generated, implemented, followed up and corrective activities carried out.

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- ii. Akyel, Recai and H.O. Köse (2011), *Importance of Strengthening Communication Capacity of SAIs for Ensuring Good Governance in Public Financial Management*, *Journal of Turkish Court of Accounts*, Iss. 82, pp. 3-21
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New Heads of SAIs

Dasho Tshering Kezang Auditor General of Bhutan



Dasho Tshering Kezang, was appointed as the second Auditor General under the Constitution of Kingdom of Bhutan 2008 on July 31, 2015 by His Majesty the King.

Dasho Tshering Kezang has wide experience in the fields of Public Administration, Finance and Accounting and Auditing. He joined the Civil Service in 1989 beginning his career as an Assistant Finance Officer under the Ministry of Health and Education and rose to the post of a full-fledged Finance Officer. In 1995, he joined the Royal Audit Authority, the Supreme Audit Institution of Bhutan as a Senior Audit Officer and gradually became head of one of the four Regional Offices of the Royal Audit Authority.

He had also served as Senior Militia Officer in Royal Bhutan Army for which he was conferred with the Druk Yuegyal medal, the highest military honor from the fourth King His Majesty Jigme Singye Wangchuck for safe guarding the security and sovereignty of the nation. He has also served as Governor in two districts.

Dasho Tshering Kezang holds Bachelors Degree in Commerce from Sherubtse College (Affiliated to Delhi University), Kanglung, Bhutan and Masters Degree in Professional Accountancy from Edith Cowan University (ECU), Perth, Australia. Apart from being a prolific professional he is also a coveted social worker. In 2014 he had undergone Integrated De-Suung Training Programme at the Royal Bhutan Army Training Centre, Wangduephodrang, Bhutan.

24th WGITA Meeting (Warsaw, Poland, 29-30 June 2015)



The 24th meeting of the INTOSAI Working Group on IT Audit (WGITA) was held at Warsaw, Poland from 29 June to 1st July 2015. Mr. Shashi Kant Sharma, Comptroller & Auditor General of India and Chairman of the Working Group presided over the meeting. Fifty seven members from 28 member countries and observers attended the meeting. In the two day long discussions, the participants jointly reviewed and discussed the progress made by the five IT Projects undertaken by the Working Group as per WGITA Work Plan (2014-2016). Discussions were also held on 'Audit Management System' and WGITA's role in management of Big Data. Six member SAIs viz. Australia, Bangladesh, Japan, Iran, Malaysia and Pakistan presented country papers to share experience and best practices in the field of IT audit.

CBC Meeting (Stockholm, Sweden, 8-10 September 2015)



An annual meeting of the INTOSAI Capacity Building Committee was held at Stockholm, Sweden from 8-10 September 2015. The Committee discussed various issues related to capacity development initiatives. Discussions were also held on two themes – regional professionalism and SAI capacity/relevance in Post 2015 Development Agenda perspective.

7th KSC Steering Committee Meeting (Washington DC, 15-16 October 2015)



The 7th KSC Steering Committee meeting was held at Washington DC on 15 and 16 October 2015. Mr. Shashi Kant Sharma, Comptroller and Auditor General of India and Chairman, KSC chaired the meeting. The meeting was attended by 21 participants. Several new items like INTOSAI KSC-IDI Community Portal; Auditing Preparedness for implementation of Sustainable Development Goals; Research Projects on topics of mutual interest; and Strategic Objectives and Goals of KSC relating to INTOSAI Strategic Plan 2017-2022 were discussed at the meeting.

Instructors' Design Meeting for the ASOSAI-sponsored Workshop on “Assessment of Internal Control” (Tokyo, Japan in May 2015)



The instructors' design meeting for the ASOSAI-sponsored workshop on “Assessment of Internal Control” was held from May 18 to 29, 2015 in Tokyo, Japan with the administrative support of the Board of Audit of Japan.

Six ASOSAI training specialists from five member SAIs, namely, SAIs of Bangladesh, Bhutan, Malaysia, Philippines and Vietnam participated in the meeting to design the course and develop course materials for the workshop. A Subject Matter Expert from SAI India provided technical advice to the instructors, and a representative of the Capacity Development Administrator of ASOSAI (SAI Japan) was in charge of overall management of the meeting. The course materials developed during the meeting were to be utilized for the ASOSAI-sponsored workshop on “Assessment of Internal Control” held in October 2015.

As announced at the 13th ASOSAI Assembly held in Kuala Lumpur in February 2015, the workshop was originally scheduled to be held in Kathmandu, Nepal. But devastating earthquakes in Nepal on April 25, 2015 and its aftershocks have made it quite difficult for SAI Nepal to host the workshop this year. For this reason, the planned venue of this workshop was changed to Kuala Lumpur, Malaysia.

IDI-ASOSAI Cooperation Program

3i Cooperative Audit Programme on Audit of Disaster Management (Paro, Bhutan in May 2015)



A Product Development Meeting for designing the eLearning course for the IDI-ASOSAI 3i Cooperative Audit Programme on Audit of Disaster Management was organized by inviting a resource team comprising two IDI-certified ASOSAI training specialists from SAls of Indonesia and Pakistan, four IDI-PSC certified ISSAI facilitators from SAls of Bhutan, China, Pakistan and Philippines, an experienced auditor of SAI Indonesia and a Program Manager and an eLearning Manager from IDI in Paro, Bhutan from May 11 to 22, 2015 with the local administrative support of the Royal Audit Authority of Bhutan. A representative of the Capacity Development Administrator of ASOSAI (SAI Japan) also attended the meeting. During the meeting, the resource team designed and developed the course materials to be used during the eLearning course on Audit of Disaster Management, during October -November 2015 as the first activity of the programme.

Activities in Member SAIs

SAI Bhutan: Auditor General of Bhutan visited SAI India

The Auditor General of Bhutan, Dasho Tshering Kezang visited the Office of the Comptroller and Auditor General of India, New Delhi from 18-27 September 2015.



During the visit, Auditor General of Bhutan met the Comptroller & Auditor General of India Mr. Shashi Kant Sharma and discussed the capacity development programmes under the aegis of MoU between the SAIs of India and Bhutan. The delegation from SAI Bhutan also visited SAI India's International Centre for Information Systems and Audit (iCISA), NOIDA, International Centre for Environmental Audit and Sustainable Development (iCED), Jaipur and National Academy of Audit and Accounts (NAAA), Shimla.

The visit to the training institutions is timely as the Professional Development Center of SAI Bhutan is currently under construction and will be operational by 2016 end. This visit has further strengthened the institutional relationship between the two Supreme Audit Institutions.

It was the first visit abroad after assuming the role of an Auditor General in July 2015.

SAI China:

Auditor General of China Mr. Liu Jiayi meet with Thai delegation



Mr. Liu Jiayi, Auditor General of CNAO, met with a nine-member delegation headed by Mr. Goanpot Asvinvichit and Ms. Jiraporn Meeleesawat, State Audit Commissioners of Thailand, on May 7 in Beijing. Dr. Yuan Ye, Deputy Auditor General of CNAO, also met with the delegation. The delegation was on a study visit to China on the topic of IT audit.

Mr. Liu Jiayi extended warm welcome to the Thai delegation, and stated that the two SAIs should carry forward the traditional friendship between the two peoples, learn from each other and promote common development of public auditing in both countries. Mr. Asvinvichit sang high praise for CNAO's "Golden Audit Project" and the achievements made by CNAO in the field of IT audit. The Thai delegation also had a work meeting with the representatives from CNAO's Department of Electronic Data Audit and IT Center as well as Tianjin Municipal Audit Office.

Mongolian Auditor General Visited China

An audit delegation headed by Mr. Zangad Ayur, Auditor General of Mongolia visited China from 31 March to 5 April 2015.

During their stay in Beijing, Mr. Liu Jiayi, Auditor General of China, and Mr. Zangad Ayur signed the Memorandum of Understanding on Cooperation Between the National Audit Office of China and the National Audit Office of Mongolia.

The delegation also visited Zhejiang Province.

Activities in Member SAIs

SAI India:

Letter of Exchange signed between SAIs of India and Bangladesh on Twining Arrangements



A Letter of Exchange (LoE) on Twining Arrangements between Supreme Audit Institutions of India and Bangladesh was signed on 19 June 2015 at New Delhi, India.

The LoE was signed by Ms. Ajanta Dayalan, Deputy Comptroller & Auditor General and Mr. Abul Foyez Mohd. Abid, Deputy Comptroller & Auditor General on behalf of SAI India and Bangladesh respectively. Under the twining arrangement SAI India is organizing various training programs for the officers of SAI Bangladesh in the areas of Environmental Audit, IT Audit and Revenue Audit.

IDI Workshop on Learning Management System (14-25 September 2015)

The Office of the Comptroller and Auditor General of India hosted IDI's two week Workshop on Learning Management System (LMS) at International Center for Information Systems & Audit, NOIDA, Uttar Pradesh (iCISA) from 14-18 September, 2015 (first week) and at its office premises from 19-25 September, 2015 (second week). The purpose of the above workshop was to train staff of SAI-India in designing, developing and administering eLearning courses and to maintain LMS and to actually design and develop a pilot eLearning Course on ISSAIs. The workshop on Learning Management System at iCISA, Noida (14-18 September 2015) was attended by 43 participants from SAI-India whereas 9 participants out of this group attended the Pilot eLearning Programme on ISSAIs awareness at Headquarters Office (21-25 September, 2015).

7th Indo-Kuwait joint seminar held in Mumbai



The seminar, on the theme '**Audit of Petroleum Sector**', was attended by four delegates from State Audit Bureau of Kuwait, headed by Mr. Mohammed Al Dosari, Manager. The other participants were Mr. Sadeq Al Ghatim, Mr. Faisal Al Sileem and Mr. Abdulla Al Mufarej. The Indian delegation was headed by Dr. Prasenjit Mukherjee Dy. Comptroller and Auditor General (Commercial) and Chairman Audit Board and other Indian participants were Ms. Parama Sen and Dr. Vishal Desai.

The two sides discussed various aspects of auditing petroleum sector and shared experience in this respect.

Email/Webpage addresses of member SAIs

SAI	Email address	Home page
Afghanistan	sao@sao.gov.af afghancao@gmail.com	http://sao.gov.af/en
Armenia	vpal@parliament.am	www.coc.am
Australia	ag1@anao.gov.au External.Relations@anao.gov.au	www.anao.gov.au
Azerbaijan	office@ach.gov.az chairman@ach.gov.az	www.ach.gov.az
Bahrain	info@nac.gov.bh	www.nac.gov.bh
Bangladesh	international@cagbd.org	www.cagbd.org
Bhutan	auditorgeneral@bhutanaudit.gov.bt	www.bhutanaudit.gov.bt
Brunei Darussalam	jabaudbd@brunet.bn	www.audit.gov.bn
Cambodia	naakh@naa.gov.kh, sg.audit@naa.gov.kh, chea_sophat@yahoo.com	www.naa.gov.kh
China	cnao@audit.gov.cn	www.audit.gov.cn
Cyprus	cao@cytanet.com.cy	www.audit.gov.cy
Georgia	chamber@gol.ge, chamber@geomail.ge	www.control.ge
India	cag@cag.gov.in pdir@cag.gov.in	www.cag.gov.in
Indonesia	asosai@bpk.go.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@korea.kr	www.bai.go.kr
Kuwait	president@sabq8.org, training@sabq8.org	www.sabq8.org
Kyrgyzstan	ir@esep.kg, esep@esep.kg	www.esep.kg
LAO-PDR	sao@etllao.com	

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	www.audit.gov.mv
Mauritius	auditdep@intnet.mu	http://ncb.intnet.mu/audit/index.htm
Mongolia	mnao@mnao.mn	www.mnao.mn
Myanmar	AUDITORGGENERAL@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	www.coca.gov.ye

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

Other Important Email/Webpage Addresses

	Email address	Webpage
INTOSAI	intosai@rechnungshof.gv.at	www.intosai.org
ASOSAI	koreasai@korea.kr	www.asosai.org
EUROSAI	euosai@tcu.es	www.euosai.org
OLACEFS	omral@contraloria.cl	www.olacefs.com
PASAI	enquiry@pasai.org	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.environmental-auditing.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

Schedule of Events for 2016

Year	Date/Month	Event	Venue
2016	January (tentative)	IDI-ASOSAI 3i Cooperative Audit Program on Audit of Disaster Management Audit Planning Meeting for disaster management	-
	February 15-19	ASOSAI GB meeting and International Symposium on National Integrity System (NIS)	Chiang Mai, Thailand
	August	ASOSAI Seminar on "ISSAI Implementation - Experience and Strategy"	Kuala Lumpur, Malaysia
	October 18-20	ASOSAI WGEA Seminar	iCED Jaipur, India

