

# *Asian Journal of Government Audit*



## *Special Edition 2018*



## **14<sup>TH</sup> ASOSAI ASSEMBLY-SEPTEMBER 2018- HANOI VIETNAM**



## Asian Journal of Government Audit

### Special Edition 2018

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 SAIs of ASOSAI.

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## **Editorial**

**Dear Colleagues,**

*We are pleased to bring out a special edition of the ASOSAI Journal on the 14<sup>th</sup> ASOSAI Assembly and Governing Board meetings held from 16-22 September 2018 at Hanoi, Vietnam.*

*The special edition contains messages from the Chairman of ASOSAI, Secretary General of ASOSAI, former Secretary General of ASOSAI and former Chairperson of ASOSAI.*

*The special edition also contains an executive summary of the 14<sup>th</sup> Assembly, Hanoi declaration and Country Report/Papers on 'Environmental Audit on Sustainable Development' by SAIs of Malaysia, China and Vietnam and on 'The Role of SAI in Sustainable Development Goals' by SAI Indonesia.*

*We have also included photographs of the different events of the Assembly in the special edition.*

*We are thankful to Dr. Ho Duc Phoc, Chairman of ASOSAI and*

*Auditor General of State Audit Office of Vietnam; Ms. Hu Zejun, Secretary General of ASOSAI and Auditor General of National Audit Office of the People's Republic of China, Mr. CHOE Jaehyeong, Chairman of the Board of Audit and Inspection of Korea and Former Secretary General of ASOSAI and Dr. Madinah Binti Mohamad, Auditor General, National Audit Department of Malaysia and Former Chairperson of ASOSAI for their messages.*

*We look forward to the continued support and feedback of our esteemed readers to improve the quality of the journal. You could contact us at [ir@cag.gov.in](mailto:ir@cag.gov.in) or [asosai.journal@gmail.com](mailto:asosai.journal@gmail.com).*

**(Praveen Kumar Tiwari)**

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## Message from the Chairman of ASOSAI terms 2018-2021



**Dr. Ho Duc Phoc**

**Chairman of ASOSAI and Auditor General of State Audit Office of Vietnam**

First of all, on behalf of the State Audit Office of Vietnam (SAV), I would like to express my deep gratitude to ASOSAI members for supporting the SAV to organize successfully the 14th Assembly of ASOSAI in Hanoi from 19th – 22nd September, 2018.

May I also avail this chance to express my sincere thanks to all the esteemed SAI members to have had confidence in me in the capacity of acting as the Chairman of ASOSAI for the term 2018-2021.

After 40 years of establishment and development, ASOSAI has asserted itself as one of the most active regional organizations of INTOSAI. ASOSAI has been and will continue to make its utmost endeavour to pursue the mission of *"supporting its SAI members in achieving higher results, contributing to the sustainable development of the country as well as contributing positively for the INTOSAI*

*community"*. Promoting that spirit, the SAV as the Chairman of ASOSAI for the term 2018-2021 will together with the Governing Board and SAI members are determined to continue to act more vigorously to create new motivation for ASOSAI to bring into full play the potential of SAI members and bring ASOSAI – as a model regional organization to a new height.

Recognizing the important challenges that our SAI members are facing, the SAV is willing together with the Governing Board and all SAI members to promote knowledge sharing and capacity development in ASOSAI community in the field of environmental auditing for sustainable development. The activities of knowledge sharing and capacity building should be promoted comprehensively on various aspects, including: (i) Building professional capacity: developing appropriate audit methodologies and guidelines, training staff, planning and monitoring professional engagements, and enhancing audit quality assurance; (ii) Improving organizational capacity: developing strategic plans, managing resources, and enhancing governance and accountability; and (iii) Strengthening the capacity of adapting to

the external environment: exchange of the ASOSAI community, for the common experience and cooperation with external development and prosperous growth of stakeholders. ASOSAI.

More importantly, implementing SDGs and addressing global environmental challenges also need to be dealt with among ASOSAI community, especially, recognizing, nowadays, the new opportunities and emerging challenges in the process of globalization and climate change, we respect and follow common principles of how INTOSAI can contribute to the United Nations towards 2030 Agenda for Sustainable Development. In specific, environmental issues for sustainable development have been remaining as a top concern and posing challenges to human community across the world. I, therefore, as the new Chairman of ASOSAI, sincerely urge all ASOSAI members to work together to find practical and effective solutions for conducting audits on environmental issues, and contributing to the achievement of SDGs at national, regional and international levels.

Once again, I would like to express my sincere thanks to SAI members who have believed and supported the SAV as Chairman of ASOSAI for the term 2018-2021. The SAV is committed to make its best efforts to fulfill missions assigned by

## Message from Secretary General of ASOSAI



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

The 14th Assembly of ASOSAI was a very successful and meaningful event that has built a consensus among all member SAIs and produced fruitful results. First, the meeting was a major turning point, at which Auditor General of Vietnam and Auditor General of China took over as Chairman and Secretary General of ASOSAI respectively, and new Governing Board members and Audit Committee members were elected. I would like to express my sincere gratitude to all colleagues from ASOSAI, for your trust and support on my election as Secretary General. Second, the Assembly was future-oriented, during which the Hanoi Declaration was approved to reflect the commitments and actions of member SAIs and provide direction for the development of ASOSAI. Also, halfway through the

ASOSAI Strategic Plan for 2016-2021, the meeting discussed the implementation and evaluation of the Strategic Plan, to refine the development paths and guidelines. Third, with the aim to improve the management mechanism of ASOSAI, the amendment of the ASOSAI Charter, the ASOSAI Rules and Regulations and the Established Selection Procedures for ASOSAI was approved at the meeting, which provided timely solutions to the new problems and situation faced by ASOSAI in terms of system construction.

The 7th Symposium was successfully held with the theme: *Environmental Auditing for Sustainable Development*. Member SAIs exchanged relevant knowledge and experiences to showcase the Asian auditing community's commitments and efforts to the issue. External experts from many institutions shared up-to-date technologies and information about environmental auditing in this regard. The meeting clearly stated that, environmental protection was essential to sustainable development, and environmental auditing would make a greater contribution to the achievement of Sustainable Development Goals (SDGs). Based on the achievements of the

7<sup>th</sup> Symposium, ASOSAI Secretariat has (c) In order to upgrade service been making efforts to build platforms capabilities of member SAIs for the and take methods to enhance research, sustainable development, ASOSAI shall collect experiences, and encourage focus on SDGs in the development of innovative practices on relevant issues, in ASOSAI, and help member SAIs play an order to achieve concrete results. increasingly important role in social,

Faced with a rapidly changing world, economic development of respective ASOSAI needs to identify challenges and states through achieving the SDGs.

opportunities, and to adopt continuous Working together, we can build a better self-reform and innovation alongside future for ASOSAI.

development. I will work with all member SAIs to make an effective contribution to the continuous development of ASOSAI, particularly in the following areas:

(a) Based on the concept of respect with extensive cooperation and joint contribution, ASOSAI shall continuously improve its governance, enhance cooperation among members and stakeholders, to make ASOSAI continue to be a model organization and play a more significant role in the international community.

(b) For the purpose of capacity-building of member SAIs, ASOSAI shall proactively carry out a variety of methods to enhance the abilities of SAIs and auditors, particularly aiming at young people and mastery of new technical approaches.



***Message from Former Secretary General of ASOSAI***

**Mr. CHOE Jaehyeong**  
**Chairman of the Board of Audit and Inspection of Korea**  
**Former Secretary General of ASOSAI**

In my capacity as the Chairman of the Board of Audit and Inspection of Korea (BAI) and the former Secretary General of ASOSAI, I would like to extend my deepest gratitude to all ASOSAI member SAs for giving the BAI the invaluable opportunity to serve ASOSAI as its Secretariat for the period 2009-2018. I am truly proud that the BAI exerted its most utmost efforts to bring betterment to ASOSAI in every endeavor of performing ASOSAI activities. I thank you wholeheartedly for your support shown to the Secretariat's activities. To summarize a few:

■ **Financial management**

As per the request from the Audit Committee at the 12<sup>th</sup> Assembly in 2012 that a unified accounting framework be established, the ASOSAI Secretariat drafted the Financial Rules and the Accounting Policies based on the International Financial Reporting Standards. Thenceforth, all ASOSAI finance was managed in accordance with these rules, and will continue to be so in the future.

At the 42<sup>nd</sup> Governing Board meeting in 2010, the ASOSAI Secretary General suggested that the ASOSAI budget be planned for a three-year period, so that the Board can control ASOSAI finance in a more predictable way. The Capacity Development Administrator (CDA), the ASOSAI Journal publisher and others that are to spend the ASOSAI Fund were asked to submit a three-year long-term expenditure plan. Meanwhile, the members were also asked to pledge their plans to make voluntary contributions for a three-year period.

Contemplating the ways to utilize the ASOSAI Fund most effectively, the Secretariat conceived the idea of designating training facilities of member SAs as ASOSAI training centers (so as to provide more capacity development opportunities to the maximum possible number of people by saving the costs to bear). Thankfully, in 2014, the Governing Board approved this suggestion, which was reported by the CDA as per the request of the Secretariat. Then, at the 52<sup>nd</sup> Board meeting held in September 2018, the SAs of China, India and Malaysia were designated as the ASOSAI training centers.

## ■ ASOSAI Strategic Plans

The ASOSAI Strategic Plan for 2011-2015 was established based on the opinions and demands of member SAIs. In order to ensure a successful implementation of the said Strategic Plan, the Secretariat employed various measures. For example, it formulated an Action Plan of the Strategic Plan in 2011; it submitted a progress report containing the mid-term evaluation for the Strategic Plan to the 12<sup>th</sup> ASOSAI Assembly held in 2012; and it also placed the final evaluation using quantitative indicators before the next Assembly in 2015. I am glad that the goals of the ASOSAI Strategic Plan for 2011-2015 were achieved successfully in many ways, and thus thankful to the ASOSAI members for their support and participation.

The next Strategic Plan for 2016-2021 was established by the Task Force consisting

of the SAIs of China, India, Japan, Korea, Malaysia, and the IDI (the SAI of Vietnam joined this Task Force later in 2016). In its capacity as the Chair of this Task Force, the Secretariat, together with the CDA, took the initiative to have multiple rounds of meetings with the IDI in order to devise the Plan to be a more systematic and useful one. Taking this opportunity, I would like to send my

heartfelt appreciation to the IDI for sharing their professional knowledge and experiences with ASOSAI.

The beauty of the said Plan is that an operational plan is devised on a yearly basis, so that the implementation of the Plan is monitored every year, and a future plan is devised accordingly. Simply put, the *raison d'état* of the Strategic Plan was to stand as a guidepost to help ASOSAI members navigate their paths to the ASOSAI Strategic Goals. The Task Force developed six Key Performance Indicators (KPIs) to be used in evaluating the implementation of this Strategic Plan. I am very glad that the mid-term evaluation for the period 2016-2018 will be conducted based on these KPIs, and be placed before the 54<sup>th</sup> Governing Board Meeting.

## ■ Election management

The ASOSAI Secretariat found that there was no document which explains the due procedures for selecting various posts of ASOSAI. In 2011, the Secretariat assembled all the procedures dispersed in different records to incorporate into a single ruling document, entitled *The Established Selection Procedures for the ASOSAI Posts*. Approving the said document, the 43<sup>rd</sup> Governing Board convened in 2013 acclaimed the ASOSAI

Secretariat for its unprecedented efforts. I am delighted that the document serves as a post at the first round going to the second round.

a single reference for ASOSAI members The SAI of India and Japan have been making a great deal of contribution to enhance their understanding about the selection procedures for ASOSAI posts. ASOSAI in its capacity as the CDA and

In the midst of paying keen attention to the ASOSAI Journal Publisher, prevent any confusion in the selection procedures for ASOSAI posts that may arise, the Secretariat noticed a procedural flaw in voting for the members of the Governing Board and the Audit Committee caused by the system of dual self-nomination. If one SAI has already been elected for any of these posts, the votes casted for the SAI for the other post are left wasted. To prevent such wasted votes, the Governing Board at its 50<sup>th</sup> meeting approved the amendment of the selection procedures, as per the Secretariat's suggestion, that the voting

ASOSAI Journal Publisher, respectively. Recognizing these SAI's time-honored dedication to ASOSAI, the Secretariat suggested that these two posts be invited to the ASOSAI Governing Board as *ex-officio* members. Graciously, the ASOSAI Governing Board shared the Secretariat's view, and approved the suggestion for the SAI of Japan and India in 2013 and 2016, respectively. Accordingly, relevant clauses of the ASOSAI Charter, as well as the ASOSAI Rules and Regulations, were amended at the 14<sup>th</sup> Assembly held in September 2018.

for the members of both Governing ■ **Inter-regional Cooperation**

Board and Audit Committee be It gives me a great pleasure that ASOSAI conducted separately. has established inter-regional partnership

The Secretariat also found no rule for the case where two SAI obtained the same number of votes with a simple majority at the first round of selecting the members of the Governing Board. The Secretariat recommended that only these two SAI go to the next round, instead of allowing all SAI who did not win the

with two peer regional organizations of INTOSAI – namely, EUROSAI and AFROSAI. Especially with EUROSAI, ASOSAI fulfilled various knowledge-sharing activities through two times of Joint Conferences in 2011 and 2014 (another one forthcoming in March 2019), inviting each other to their seminars and

workshops, and contributing an article to EUROSAI's official magazine. various channels to spur the blooming of the ASOSAI-AFROSAI Cooperation.

With a view to vitalizing the ASOSAI-EUROSAI Joint Conference, in 2016, the Secretariats of ASOSAI and EUROSAI formulated the Terms of Reference (ToR) of the Conference containing detailed directions of organizing the said

I would like to send my special thanks to the ASOSAI members for their vigorous support in making ASOSAI a collaborative friend of other INTOSAI regional organizations.

■ **Communication with member SAIs**

Conference, reflecting the demands of the members of both organizations. Considering that this ToR will be used from the third Joint Conference to be held in Israel in March 2019, I am expecting that it will play an important role in guiding the host SAI and EUROSAI in the organization of the third Joint Conference.

For the sake of facilitating interactive communication with ASOSAI members and other stakeholders, the Secretariat strived to upgrade the ASOSAI website consistently with various convenient features, such as online registration for capacity development programs, survey and poll, nomination, among others. I hope that the website had helped all of us

I sincerely hope that ASOSAI and EUROSAI will benefit greatly from this Joint Conference as it is open, for the first time, to all different levels of officials of all member SAIs, unlike the past two Joint Conferences to which only the heads of the Governing Board members of both organizations were invited.

with exchanging information with one another. Thank you for your active participation.

Last but not least, I would like to reiterate my heartfelt gratitude to all ASOSAI members, as well as other stakeholders, for supporting the Board of Audit and Inspection of Korea as the ASOSAI Secretariat for the period 2009-2018. In retrospect, it was all thanks to your active and thoughtful support that enabled the BAI to fulfill the heavy duties of the ASOSAI Secretariat over the last nine years. The BAI will put its best efforts to supporting ASOSAI to become one of the

Meanwhile, ASOSAI and AFROSAI confirmed their determination for their inter-regional cooperation, signing a Memorandum of Understanding at the 22<sup>nd</sup> INTOSAI Congress held in Abu Dhabi in December 2016. I wish that ASOSAI and AFROSAI will explore

leading regional organizations of  
INTOSAI. Please accept these words to  
be from all the ASOSAI Secretariat staff  
who served during the period 2009-2018  
when I say, THANK YOU.



## ***Message from Former Chairperson of ASOSAI***

**Dr. Madinah Binti Mohamad  
Auditor General of Malaysia and  
Former Chairperson of ASOSAI**

**Dear ASOSAI Journal members and readers,**

In this special issue of the ASOSAI Journal, I would like to highlight the significant matters deliberated during the 52nd and 53rd Governing Board Meeting, 7th ASOSAI Assembly and 14th ASOSAI Symposium held in Hanoi, Vietnam on 18 - 22 September 2018. I would like to take this opportunity to highlight ASOSAI's significant achievements during SAI Malaysia's tenure as the Chair of ASOSAI for the period 2015-2018 encompassing ASOSAI's enhanced management and operations pertaining to capacity building programmes and knowledge sharing activities of member SAI's.

The ASOSAI Strategic Plan 2016-2021 was reviewed and adopted by the ASOSAI Assembly in Hanoi, Vietnam.

This document provides the roadmap detailing the ASOSAI strategic goals, strategies, key programmes, performance indicators, baselines and targets for a six term period. A self-assessment on the annual operational plan was first conducted in 2016. Several improvements

have been made in ASOSAI's operation in respect of election management, ASOSAI website, and revision of the ASOSAI Charter, Rules and Regulations.

Besides the ASOSAI Strategic Plan, there was active involvement from ASOSAI members on capacity development activities. Amongst the activities implemented were the ASOSAI-Sponsored Workshop on Assessment of Internal Control held in Malaysia in October 2015, ASOSAI Seminar on SAI Management held in India in December 2015, Instructors' Design Meeting for the ASOSAI-Sponsored Performance Audit held in Japan in September 2016, ASOSAI Seminar on ISSAI Implementation-Experience and Strategy held in Bhutan in August 2016 and ASOSAI Seminar on IT Audit held in Kazakhstan in July 2018. This year, ASOSAI launched a new blended capacity development approach by combining online courses and face-to-face meetings on IT Audit. This pilot capacity development programme will be conducted from 2018 to 2019.

In the context of cooperation with other organisations, ASOSAI established a new cooperative relationship with African Organisation of Supreme Audit Institutions (AFROSAI). Various programmes under the framework of

IDI-ASOSAI cooperation such as the 3i Sharing activities; ASOSAI Journal Programme, e-learning Course Specialist Editor, The Comptroller and Auditor Certification programme had been General of India for their concerted effort implemented. During the 14th ASOSAI in producing the ASOSAI Journal.

Assembly held in Hanoi, Vietnam in Last but not least, I would like to September 2018, two (2) studies entitled dedicate my sincere gratitude to other Methods for Developing Risk-Based Governing Board members, the Audit Audit Plan and Audit of Public-Private Committee and all ASOSAI members for Partnership Agreements under the 11th their contributions and immense support ASOSAI Research Project were presented during my chairmanship. I also owe and endorsed by the Assembly. For tribute to those Governing Board continuous improvement, a manual for members who have left us, for their managing research projects conducted by equally invaluable contributions. We are ASOSAI's Research team had been really grateful to be part of ASOSAI to produced. The ASOSAI-EUROSAI champion the cause of greater Cooperation framework had also been accountability, transparency and reviewed at the same time. integrity in the management of public

The ASOSAI's achievement in the pursuit funds.

of public audit excellence is a result of I wish to take this opportunity to members' commitment, concerted congratulate Dr.HoDucPhoc, the Auditor planning and focused effort. I would like General of Vietnam as the new Chairman to take this opportunity to congratulate of ASOSAI and Madam Hu Zejun, the the outgoing Secretary General, Board of Auditor General of China as the next Audit and Inspection of Korea for their Secretary General of ASOSAI and all the dedication and relentless support to board members for the term 2018 - 2021. I ensure the smooth running of ASOSAI's wish them all the best in their future activities throughout my term; the endeavours and I pray that ASOSAI will Capacity Development Administrator, continue to grow and progress in every Board of Audit of Japan for their high aspect.

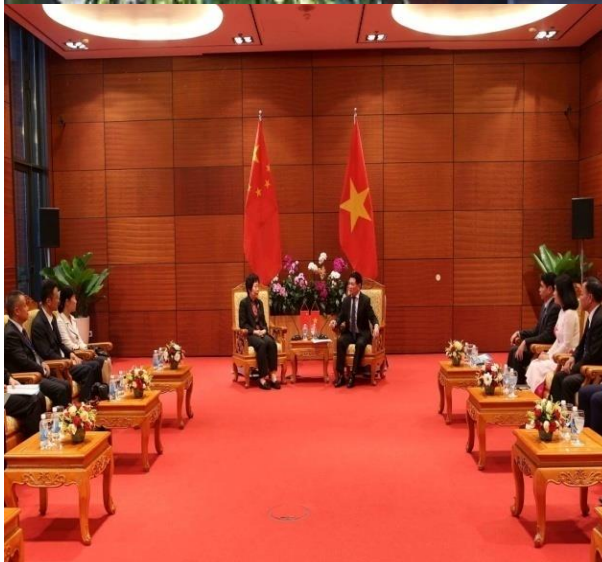
commitment in ensuring the successful As Governing Board member of ASOSAI, implementation of the Capacity SAI Malaysia looks forward to working Development Program and Knowledge closely with other ASOSAI members and

other international organisations to strengthen our cooperation by sharing experiences, ideas and best practices in the field of public sector auditing for sustainable development of the regional and global economy.

I hope this special edition of ASOSAI journal will be useful to all readers to keep abreast of current developments within ASOSAI countries and also for knowledge sharing.

Thank you.

## 14<sup>th</sup> Assembly-Executive Summary





## 14<sup>TH</sup> ASOSAI ASSEMBLY



The 14<sup>th</sup> Assembly of Asian Organization of Supreme Audit Institutions (ASOSAI) was held during 19<sup>th</sup> – 22<sup>nd</sup> September 2018 in Hanoi, Vietnam. This Assembly attracted attention of more than 250 delegates from 41 member SAIs, international organizations and observers. The 7<sup>th</sup> Symposium “Environmental Auditing for Sustainable Development” was held in conjunction with this Assembly on 20<sup>th</sup> September 2018 in Hanoi, Vietnam. This Symposium welcomed more than 400 delegates and guests from member SAIs, International Organization of Supreme Audit Institutions (INTOSAI), professional associations, multinational auditing firms, institutions and universities. The Courtesy call on the President of the Socialist Republic of Vietnam and the visit to the Headquarters of the State Audit Office of Vietnam, as the side events, were held after the first plenary session on the 19<sup>th</sup> September 2018.





## Opening Ceremony of the 14<sup>th</sup> ASOSAI Assembly and the Commemoration of the 40<sup>th</sup> Year of the ASOSAI Charter



The Opening Ceremony of the 14<sup>th</sup> ASOSAI Assembly, on 19<sup>th</sup> September, was held to not only commence the Assembly but also celebrate 40 years of establishment of the ASOSAI Charter. Approximately 1000 participants including delegates from member SAIs and international organizations, and representatives from many agencies of the Party, Central and Local Governments, National Assembly, civil societies, universities, institutions and embassies of several Asian countries in Vietnam attended this event. Her excellency Madam Nguyen Thi Kim

Ngan, Chairwoman of the National Assembly of the Socialist Republic of Vietnam, and His excellency Mr. Trinh Dinh Dung, Member of the Party Central Committee and Deputy Prime Minister of the Socialist Republic of Vietnam, were the Guests of Honor.



This Ceremony commenced with a welcome address by Dr. Ho Duc Phoc, Auditor General of Vietnam, followed by opening remarks by Dr. Madinah Binti Mohamad, Auditor General of Malaysia and Chairwoman of ASOSAI, and Dr. Harib Al Amimi, President of the State Audit Institution of United Arab Emirates and Chairman of INTOSAI. Her excellency Madam Nguyen Thi Kim Ngan, Chairwoman of the National Assembly of the Socialist Republic of Vietnam, delivered the welcome remarks before striking the gongs to commence the Assembly.

## First Plenary Session



On the 19<sup>th</sup> September 2018, before the session commenced, Dr. Harib Al Amimi, President of the State Audit Institution of United Arab Emirates and Chairman of INTOSAI addressed the Assembly.

The documents approved at the first plenary session included the report of the Secretariat activities of ASOSAI since the previous Assembly; the ASOSAI Financial Statements for FYs 2015-2017 and report of the Audit Committee; the ASOSAI Strategic Plan; the amendment of Section 1, Article IV of the ASOSAI Charter; Rule 14, Chapter V of the ASOSAI Rules and Regulations; Chapter II of the Established Selection Procedures of ASOSAI Post and the report on the ASOSAI capacity development activities. The ASOSAI Secretary General gave further clarification on the budget for the Capacity Development Program 2021 and the budget for e-learning course 2019-2021 in the ASOSAI Budget for FYs 2019-2021. In this regard, he explained

that ASOSAI, during the first year (2019), is expected to require substantial budget to set up a system; once, the system is set up, such large budget may no longer be needed.



The session also saw the adoption of the reports on the IDI activities, the 11<sup>th</sup> Research Project, cooperation between ASOSAI and European Organization of Supreme Audit Institutions (EUROSAI) and between ASOSAI and African Organization of Supreme Audit Institutions (AFROSAI), and the ASOSAI Journal. Mr. Moermahadi Soerja Djanegara, Chairman of the Audit Board of the Republic of Indonesia, was awarded for the best article in the ASOSAI Journal for his article titled “The Role of SAIs to achieve more transparent, accountable, and sustainable REDD+ scheme: the case of Indonesia”. The Assembly also approved the reports on the ASOSAI Working Group on Environmental Audit, the INTOSAI Professional Standards Committee, the INTOSAI Knowledge Sharing

Committee, the INTOSAI Compliance included SAIs of Bangladesh, Indonesia, Audit Sub-Committee, the INTOSAI Iraq, Kuwait, Nepal, Pakistan and Russia. Working Group on Environmental Audit There were also five self-nominations for and the INTOSAI Working Group on IT two positions of the Audit Committee for Audit, the INTOSAI Working Group on 2018-2021 which included SAIs of Big Data, the INTOSAI Policy, Finance Azerbaijan, Jordan, Saudi Arabia, and Administration Committee on the Kazakhstan and Turkey. activities of the INTOSAI Governing Board.

The plenary also approved the State Audit Office of the Kingdom of Thailand as the host for the 15<sup>th</sup> Assembly in 2021 and National Audit Office of the People's Republic of China as the ASOSAI Secretariat for 2018-2021 Governing Board.

The ex-officio members of the Governing Board for 2018-2021 are:

- i. Supreme Audit Institution (SAI) Vietnam as the Chair for 2018-2021;
- ii. SAI Thailand as the host of the 15<sup>th</sup> Assembly to be held in 2021;
- iii. SAI Malaysia as the ex-Chair;
- iv. SAI China as the ASOSAI Secretariat for 2018-2021;
- v. SAI Korea as the ex-Chair for 2015-2018;
- vi. SAI Japan as the Capacity Development Administrator for 2018-2021; and
- vii. SAI India as the Chair, Board of Editors of ASOSAI Journal.

Seven SAIs who had self-nominated themselves for Governing Board members were announced. These

The ASOSAI Secretariat General explained the voting procedure for selecting the Governing Board and the Audit Committee members for the period 2018-2021.



The first plenary session ended with changing the chairpersonship of ASOSAI from the Auditor General of Malaysia to the Auditor General of Vietnam.



## Second Plenary Session



The second plenary session was held on 22<sup>nd</sup> September 2018. Five SAIs namely Indonesia, Kuwait, Russia, Nepal and Bangladesh were elected as members of the ASOSAI Governing Board; and SAIs of Turkey and Kazakhstan were elected as ASOSAI Audit Committee for the period 2018-2021. The report on the 7<sup>th</sup> ASOSAI Symposium “Environmental Auditing for Sustainable Development” was presented by SAI Vietnam.

A special presentation on “The revised due process for INTOSAI documents” was delivered by Mr. Praveen Kumar Tiwari, Director General (International Relations) of the Office of the C&AG of India, followed by two speeches on the activities of ASEANSAI Organization of Supreme Audit Institutions (ASEANSAI) and Economic Cooperation of Supreme Audit Institution (ECOSAI) by Ph.D. Viengthong Siphandone, President of State Audit Organization of Lao PDR and Mr. Seyit Ahmet BAŞ, President of SAI Turkey, respectively.

The ASOSAI Secretary General announced that ECOSAI were recognized as an observer in ASOSAI Assembly by a majority of the Governing Board members at the 52<sup>nd</sup> Governing Board Meeting.

The Hanoi Declaration was presented by Prof. Doan Xuan Tien, Deputy Auditor General of Vietnam, on behalf of Dr. Ho Duc Phoc, Auditor General of Vietnam; and was adopted at the Assembly. This was followed by a speech by Mr. Prajuck Boonyoung, Auditor General of the State Audit Office of the Kingdom of Thailand and the next Chairman of ASOSAI.

The session saw a change of ASOSAI Secretariat from SAI Korea to SAI China. The ex-Secretary General of ASOSAI announced SAI Palestine was recognized as the 47<sup>th</sup> member of the ASOSAI community.

SAIs of India, China and Malaysia were designated as the ASOSAI Training Centers and were awarded a plaque and certificate to certify their designation as the ASOSAI Training Centres.

### 7<sup>th</sup> ASOSAI Symposium

This symposium held on 20<sup>th</sup> September 2018 served as a platform for member SAIs, international institutions and professional associations to exchange and share knowledge and best practices on environmental auditing and sustainable development.



The symposium was divided into 3 sessions. The first session includes opening speech by SAI Vietnam and two keynote speeches by SAIs of United Arab Emirates (UAE) and Korea, followed by 04 special reports presented by representatives from SAIs of Malaysia, Indonesia, China and Vietnam.



At the second session (discussion), there were 02 presentations from IDI and ACCA; and 04 country papers from SAIs of Australia, Thailand, Bangladesh, Nepal and Kuwait. The final session drew many recommendations to strengthen the role of SAIs in sustainable development and promote cooperation among SAIs and with other organizations in conducting environmental auditing and addressing environmental issues.





## *The Hanoi Declaration*

1. The XIV Assembly of the Asian Organization of Supreme Audit Institutions (ASOSAI), which was held in Hanoi, Vietnam from 19th to 22nd September 2018, has been considered as one of the most high-level events within the ASOSAI community. This event was participated by 250 delegates and observers, representing ASOSAI members and many international organizations. In conjunction with the Assembly, the 7th ASOSAI Symposium which is a platform for sharing information, knowledge, experiences and best practice on public sector auditing and related subjects was held under the theme of “Environmental Auditing for sustainable development”.

2. We recognize the importance of the XIV ASOSAI Assembly since it provided a timely opportunity to exchange knowledge and experience in various fields of public auditing, especially environmental auditing for sustainable development. We also emphasize that the XIV ASOSAI Assembly was an important step in realizing the views of the Supreme Audit Institutions of the Asian countries on its cooperation in public auditing, in which ASOSAI shall play the leading role to discuss ways to

implement these ideas through joint efforts. The Assembly agreed on recommended actions and approved the Hanoi Declaration.

3. The Hanoi Declaration of the XIV ASOSAI Assembly is an important official document which conveys the most pre-eminent messages of the Assembly and Symposium and reflects ASOSAI’s shared ideas and recommendations towards the regional and international public auditing community. The Hanoi Declaration, moreover, affirms ASOSAI’s interests, efforts and contributions to the pursuit of Sustainable Development Goals (SDGs) established by the United Nations, as well as its response to global environmental challenges through the discussion on “Environmental Auditing for Sustainable Development”.

4. Over a period of 40 years since the ASOSAI Charter was adopted and signed by the heads of nine Asian SAIs in September 1978, ASOSAI has affirmed its role as the leading multilateral organization in Asia. However, the disparities **XIV ASOSAI Assembly** 19th – 22nd September 2018 Ha Noi, Viet Nam 2 among member SAIs have been existing for a long time and remaining as one of the issues to be addressed urgently.

5. We, state auditors from Asian (i) Building professional capacity: Organization of Supreme Audit developing appropriate audit Institutions, gathering in Hanoi, Viet methodologies and guidelines, training Nam discussed the theme staff, planning and monitoring “Environmental Auditing for Sustainable professional engagements, and Development” for knowledge sharing enhancing audit quality assurance; and capacity building in a new context. (ii) Improving organizational capacity:

### **Declaration**

6. We implement our mission of ASOSAI developing strategic plans, managing resources, and enhancing governance in promoting knowledge sharing and and accountability; and capacity building among member SAIs, (iii) Strengthening the capacity of with a focus on environmental auditing adapting to the external environment: for sustainable development of the exchange of experience and cooperation nations and the region. with external stakeholders.

7. We continue our vigorous actions to 2. *To implement SDGs and address global environmental challenges*  
create a new momentum for ASOSAI  
cooperation, to unlock their potentials  
and to bring ASOSAI as a model regional  
organization to a new height. Being fully  
aware of considerable challenges faced  
by member SAIs, we shall cooperate and  
take the following actions:

### **Recommendations**

1. *To promote knowledge sharing and capacity development in ASOSAI community in the field of environmental auditing for sustainable development*  
on good governance and strengthening anti-corruption by some approaches to SDGs, specifically:

8. We are determined to continue our (i) Assessing the readiness of national systems in reporting on the progress of achieving the SDGs, thereby auditing the implementation and reliability of data provided by such systems;

(ii) Conducting performance audit to examine the economy, efficiency and

effectiveness of key governmental programs that contribute to each aspect of SDGs;

(iii) Assessing and supporting, as

appropriate, the implementation of SDG No.16 related to transparency, efficiency and accountability of institutions; and

(iv) Operating a model that ensures transparency and accountability in our

operations, including auditing and reporting.

10. The event was held against the background that the region in particular and the world in general have been witnessing unpredictable and complicated impacts of climate change, with the emergence of environmental pollution, increasing global temperature and rising sea level and other evidences threatening human life. These environmental issues have been remaining as a top concern and posing challenges to human community across

the world. The Symposium's theme on environmental auditing for sustainable development provided a chance for member SAIs to have an insight in topical issues, and to find practical and efficient solutions to conducting audits, and contributing to the achievement of SDGs at national, regional and international levels.

11. We, once again, reaffirm our desire to harmonize economic growth with sustainable development through a number of measures:

(i) Strengthening knowledge and experience sharing, as well as disseminating standards and guidelines on environmental auditing among member SAIs;

(ii) Organizing intensive training courses on environmental auditing;

(iii) Encouraging joint or cooperative audits among SAIs within their national mandates with commitment to develop appropriate procedures and frameworks to support these activities;

(iv) Encouraging member SAIs to develop legal frameworks and documents on environmental management which shall serve as a legal corridor for SAIs to play their role in monitoring the implementation of these regulations;

(v) Developing regional reports on environmental auditing;

(vi) Promulgating strategic regulations on environmental auditing that regulate SAI's functions, tasks and powers within their national mandates. Hence, SAIs will be able to conduct environmental auditing independently and effectively; and

(vii) Enhancing cooperation with external organizations, such as INTOSAI WGEA and UN agencies (UNEP - United Nations Environment Program and UNCSD - United Nations Conference on Sustainable Development).

Together, we will succeed!

## Country Papers on 7<sup>th</sup> Symposium Themes





## ENVIRONMENTAL AUDITING FOR SUSTAINABLE DEVELOPMENT: MALAYSIA EXPERIENCE

### Abstract

*Sustainable development is a balance between the development, economy, and environment. There is need to conserve the environment while at the same time maintaining the sustainable level of development and economic route. This special report presents the Malaysia perspective on environment auditing for sustainable development. It highlights the Malaysia's commitment to the implementation of SDGs and its international commitment in environment conservation; National Audit Department of Malaysia (NADM) experiences in conducting environmental audit in terms of mandate, standards and guidelines, auditing tools, audit topics and performance audit examples; and the Department's international involvement on environmental matters.*

*The report also mentioned on the issues and challenges of environmental audit related to the environmental data, subjectivity of sustainability, cost-benefit analysis, environmental issues, audit competencies and audit criteria. Several measures are recommended to address the issues and challenges which include redefining the nature and scope of audit, term of references with new audit approaches and techniques,*

*integrated environmental auditing, appropriate mix of auditors with technical skills, cooperation with other SAIs and use of technology in facilitating the environmental audit.*

### 1. INTRODUCTION

1.1 Sustainable development is a philosophy which encourages the conservation and enhancement of the resource base while meeting the basic needs of employment, food, energy, water and sanitation. It has been taken up as the theme of the 1992 UN conference on environment and development in Rio de Janeiro better known as the Earth Summit and it inspired Agenda 21 the summit's sustainable development blueprint for the global community. This was followed by the 2002 World Summit on Sustainable Development in Johannesburg. Twenty years later leaders from 192 nations renewed their sustainable development commitment in a non-binding document called "The Future We Want".

1.2 Malaysia started its journey on sustainable development since 1970s when the New Economic Policy (NEP) was introduced in 1970 to eradicate poverty and restructure societal imbalance. All the subsequent 5-year Malaysia development plans have underscored the elements of sustainable

development encompassing sustainable economic growth, growth with equitable distribution to all sections of society, access to basic infrastructure and utilities, access to education and healthcare services and mainstreamed environmental conservation.

1.3 The importance of environmental sustainability was highlighted in the Third Malaysia Plan 1976-1980, and it mainstreamed sustainable development into national development agendas. In 1991, Malaysia launched Vision 2020, the national aspiration of becoming a fully developed country by 2020, in economic, political, social, spiritual, psychological and cultural terms alike.

1.4 In 2009, Malaysia formulated the New Economic Model (NEM) which further cemented Malaysia's commitment to pursue sustainable development based on three pillars, namely high income, inclusivity and sustainability, which mirrors the three elements of the SDG, namely economy, social and environment. The NEM provides the basis for 5-year Malaysia development plan until 2020. The current 5-year Malaysia plan i.e. the 11th Malaysia Plan (2016-2020) is premised on the three pillars of NEM. The theme of 11th Malaysia plan is "Anchoring

Growth on People" where people is the centrepiece of all development efforts and ensuring that no section of society is left behind in participating and benefiting from the nation's development.

1.5 Malaysia is, therefore not starting anew on its pathway to sustainable development but it is a process already in motion. The Agenda 2030 will further drive the journey on sustainable development more aggressively.

## **2. MALAYSIA'S COMMITMENT TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)**

2.1 Malaysia together with other world leaders adopted the 2030 Agenda for Sustainable Development (2030 Agenda) at the United Nations General Assembly in New York on 25 September 2015. This is a global commitment towards a more sustainable, resilient and inclusive development, with 17 Sustainable Development Goals (SDGs), 169 targets and 232 indicators. The 2030 Agenda has been shaped by relevant United Nations (UN) agreements and Conventions as well as the experiences and achievements gained through the Millennium Development Goals (MDGs), the global development agenda spanning the period 2000-2015. The 2030 Agenda transcends the MDGs to include wider





economic, social and environmental objectives, and with a greater focus on peace, participation and inclusiveness. The mapping of the 11MP thrusts to the

2.2 Malaysia has presented a cluster, which may cut across economic, social and environmental dimensions. The mapping of the 11MP thrusts to the

SDGs were as follows:  
Voluntary National Review (VNR) report of its SDGs' progress at the 2017 global High-level Political Forum (HLPF). The VNR takes into account Malaysia's efforts to align key elements of the SDGs with the latest five-year development plan, the Eleventh Malaysia Plan 2016 - 2020 (11MP), and a series of baseline studies, engagements and consultations that culminated in the development of a National SDG Roadmap 2016–2020. The Roadmap also documents the participatory processes involved in these efforts. Participation was received from states, Government agencies, non-government organisations (NGOs), civil society organisations (CSOs) and the private sector, driven by the Economic Planning Unit (EPU), and supported by the United Nations Country Team (UNCT) in Malaysia.

2.3 The Government of Malaysia has implemented specific efforts to incorporate SDGs into national frameworks by mapping the SDGs to the Eleventh Malaysia Plan (11MP). This mapping exercise was intended to reveal interactions between the goals within a

**TABLE 1**  
**The Mapping of the 11MP Thrusts to the SDGs**

ELEVENTH MALAYSIA PLAN	SDGs
<p><b>Strategic Thrust 1: Enhancing <b>inclusiveness</b> towards an equitable society.</b></p> <p><i>Key Initiative</i> - Inclusivity ensures all Malaysians benefit from economic growth regardless of gender, ethnicity, socio-economic status, or geographic location</p>	
<p><b>Strategic Thrust 2: Improving <b>wellbeing</b> for all.</b></p> <p><i>Key Initiative</i> - Healthy individuals and happy households, living in cohesive and united communities – this embodies the vision for a socially advanced Malaysia</p>	
<p><b>Strategic Thrust 3: Accelerating <b>human capital development</b> for an advanced nation.</b></p> <p><i>Key Initiative</i> - The focus on cradle-to-grave talent development and lifelong learning will improve labour productivity, deliver a higher-skilled workforce, and create a virtuous cycle of job creation, growth and social development</p>	
<p><b>Strategic Thrust 4: Pursuing <b>green growth</b> for sustainability and resilience.</b></p> <p><i>Key Initiative</i> - “Green growth” will be a way of life. This will lead to strengthened food, water, and energy security; lower environmental risks; and ultimately, better wellbeing and quality of life</p>	

ELEVENTH MALAYSIA PLAN	SDGs
<p><b>Strategic Thrust 5: Strengthening infrastructure</b> to support economic expansion.</p> <p><i>Key Initiative</i> - All Malaysians will have access to basic amenities and be connected through integrated transport and high-speed Internet. New investments will focus on lowering cost of business and enhancing competitiveness</p>	
<p><b>Strategic Thrust 6: Re-engineering economic growth</b> for greater prosperity.</p> <p><i>Key Initiative</i> - We will ensure quality growth and international competitiveness. All economic sectors will migrate towards more knowledge-intensive and high value-added activities with greater productivity</p>	
<p><b>Transforming public service for productivity</b></p> <ul style="list-style-type: none"> <li>• Rationalising public sector institutions for greater productivity and performance</li> <li>• Enhancing service delivery with citizens at the centre</li> <li>• Strengthening talent management for the public service of the future</li> <li>• Enhancing project management for better and faster outcomes</li> <li>• Capitalising on local authorities for quality services at the local level</li> </ul>	

Sources: Economic Planning Unit (EPU), Prime Minister's Department Malaysia

2.4 The Government of Malaysia has formalised the institutional mechanisms in the form of inter-agency coordinating bodies. The two main focal agencies responsible for coordinating and monitoring the implementation of SDGs are the Economic Planning Unit, Prime Minister's Department and the Department of Statistic, Malaysia. A multi-stakeholders, participatory governance structure was established. A National SDGs Council was formed and chaired by the Prime Minister of Malaysia and supported by a National Steering Committee (NSC).

2.5 Under the National Steering Committee, there are five (5) SDGs Cluster Working Committees (CWCs) to identify indicators for each SDGs, developing and implementing programmes, and reporting progress to the NSC. Each CWC is represented by various ministries/agencies, civil society, private sector, academics, United Nations agencies and youth representatives. One of the Working Committee cluster is on Environment and Natural Resources in charge of 6 Sustainable Development Goals which are Goal 6 - Clean Water and Sanitation; Goal 7 - Affordable and Clean Energy; Goal 12 - Responsible Consumption and

Production; Goal 13 - Climate Action; Goal 14 - Life below Water; and Goal 15 - Life on Land.

2.6 Other initiatives undertaken to embrace and implement the 17 SDGs in a systematic and measurable manner are:

- a. Organising various national and international seminar, conference, dialogs and discussion to promote participation of stakeholders;
- b. Conducting studies on data readiness and gap analysis;
- c. Established a National SDG Roadmap to guide the implementation of Agenda 2030 and the SDGs.

### **3. MALAYSIA's COMMITMENT IN ENVIRONMENTAL CONSERVATION**

3.1 The Ministry of Water, Land and Natural Resources (KATs) was established on March 27, 2004, with a broad mission on natural resources management, conservation and management of environment and shelters as well as on the management of land survey and mapping administration. Amongst its functions are formulating legislative policies, laws, procedures and guidelines related to natural resources management and environmental conservation, ascertaining and maintaining boundary issues to assure national interest, sovereignty and security, ensuring natural resources planning and development with

environmental conservation are well integrated as well as enhancing public awareness and public support in identifying the importance of well-balanced utilization of natural resources and conservation of the environment. These tasks and responsibilities require the involvement of other ministries such as Ministry of Transport, *Ministry of Energy, Technology, Science, Climate Change and Environment*.

3.2 KATs have participated in international conventions such as the 22<sup>nd</sup> Conference of the Parties to the United Nations Framework Convention on Climate Change of the Organization (UNFCCC COP 22), the 13<sup>th</sup> meeting of the Conference of the Parties to the Convention on Biological Diversity (CBD COP13) and Like-Minded Mega-diverse Countries (LMMC). KATs also conduct events and conferences on environmental issues at the national and international levels. In addition, KATs also coordinates several key meetings at the national level such as the Ministerial Meeting on the Environment and the members of the State Executive Council for Responsible on the Environment (MEXCOE), the National Land Council (NLC) and the National Water Resources Council (NWRC).

3.3 At the international level, Malaysia has signed the following international environment accords:

- a. International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 relating thereto (MARPOL 73/78), London 1973 and 1978
- b. Putrajaya Declaration of Regional Cooperation for the Sustainable Development of the Seas of East Asia, Malaysia, 2003.
- c. ASEAN Agreement on Trans-boundary Haze Pollution (2002) for tackling trans-boundary haze pollution resulting from land and forest fires. It has also been considered as a global role model for the tackling of trans-boundary issues.
- d. Convention on the International Trade in Endangered Species of Wild Flora and Fauna, (CITES), Washington D.C., 1973
- e. Ramsar Convention on Wetlands of International Importance, especially as Waterfowl Habitat, Ramsar 1971.
- f. Kyoto Protocol - Greenhouse Gas Emission Reductions, Japan 1997
- g. Minamata Convention on Mercury, Minamata 2013 is a global treaty to protect human health and the environment from the adverse effects of mercury.
- h. Convention on the Control of Trans-boundary Movements of Hazardous Wastes and their Disposal, Basel, 1989
- i. Protocol on Preparedness, Response and Co-operation to Pollution Incidents by Hazardous and Noxious Substances OPRC-HNS Protocol, London, 2000



#### **4. NATIONAL AUDIT DEPARTMENT OF MALAYSIA'S EXPERIENCES IN CONDUCTING ENVIRONMENTAL AUDIT**

4.1 NADM has a legislative mandate to conduct Performance Audit under the Audit Act 1957. The Performance Audits include the audit of environmental related matters with the objective to ensure the accountability, effectiveness and efficiency of programmes and activities of government ministries/departments/agencies as well as compliance with environmental laws. In view of the increasing importance of environmental audit, NADM established the Environmental Audit Division in 2008 and for the past 10 years, NADM conducted more than 50 audits on environmental matters the federal and states levels.

4.2 The environmental audits are carried out in accordance to International Standards of Supreme Audit Institutions (ISSAIs) environmental auditing guidelines, INTOSAI Working Group on Environmental Auditing (WGEA) guidelines and NADM's auditing guidelines. The ISSAIs related guidelines include ISSAI 5110 - Guidance on Conducting Audits of Activities with an environmental perspective; ISSAI 5120 - Environmental Audit and Regularity

Auditing; ISSAI 5130 - Sustainable Development -The Role of Supreme Audit Institution (SAI) and ISSAI 5140 - How SAIs May Cooperate on the Audit of International Accords.

4.3 INTOSAI WGEA guidelines include guidelines on audit of waste management, environmental impact assessment, auditing water issues, sustainability reporting, auditing mining, forest and sustainable fisheries management. Since 2005, NADM has issued 13 guidelines to assist the environmental auditors which include guidelines on environmental and water management auditing (drinking water, water supply services, water supply project management, distribution of water, non-revenue water, flood mitigation plans for dams and rivers, coastal erosion, urban drainage system, sewerage treatment plant and piping system and water resource monitoring).

4.4 NADM utilised remote sensing technology and geographical information system for sampling and analysis in the environmental audit. A Memorandum of Understanding was signed with the Malaysia Remote Sensing Agency (MRSA) on 3<sup>rd</sup> August 2012 for the transfer of technology and expertise.

4.5 The environmental audit topics include internal environmental management by ministries/department/agencies, waste management, forest management, fishery, environmental impact management, pollution, green technology and so forth. Examples of environmental audits conducted by NADM from 2005 – 2016 are as follows:

**a. Highland Activities**

Disasters, tragedies as well as landslides due to extensive development at highlands and hill slopes have given rise to the public concerns in recent years. Recently, developments of highlands and hill slopes have increased the risks of landslides which have caused substantial loss of human lives and damages to properties and infrastructures. In Malaysia, there are various legal instruments to regulate the laws, acts and procedures related to land development which includes the guidelines for highlands and hill slopes development. Lack of enforcement, supervision and adequate knowledge by respective officers has raised the risks of environment disaster.

**b. Mangrove Forest Management**

The coastal areas of Peninsular Malaysia were covered by mangroves. Over the years, the mangroves have been depleted

due to development activities and illegal logging. The 2004 tsunami disaster had triggered an awareness and understanding of the significance of mangrove forest as a buffer zone. In realizing the importance of preserving the mangrove swamp forest, the federal government and the various states governments have worked with various agencies, universities and NGO's to replant the mangrove along the coastal areas nationwide. The Government of Malaysia has allocated a substantial amount of allocation for the conservation and rehabilitation of mangrove forests. The auditing was focused on the replanting of the mangrove trees to create strong barriers and cost savings on coastal protection against erosion and disaster. NADM has discovered that the use of compressible mats and compressible pillows as an innovative planting technique to assist the growing of the mangrove trees.

**c. Marine and Its Environment**

The fisheries sector plays an important role as a major contributor of nutrition and economics. Fish consumption per capita is expected to increase from 46kg to 55kg with a growth of 1.9% per annum for the period from 2010 to 2020. In addition, fish demand is expected to increase due to increase in population,

health awareness and the development of downstream processing industry. Therefore, fishery resources need to be managed well so that it can be exploited in a sustainable way by creating an appropriate strategic planning and getting strong institutional support to enable the sector to meet the anticipated demand and overcome the constraints. Illegal, Unreported and Unregulated (IUU) fishing is fishing activity that does not comply with national, regional or global fisheries conservation and management obligations and it is an important factor undermining the sustainability of fisheries. Audit Findings for IUU fishing are encroachment, illegal fishing, over exploitation of fisheries resources, destructive fishing, depletion of fisheries resources, ecosystem destruction and disposal of waste in fisheries waters.

#### **d. Green Technology Financing Scheme**

Green technology is viewed as a sustainable method for coping with climate change. It provides an opportunity to increase Malaysia's capacity for innovation and enhance the country's competitiveness in the global arena. The Green Technology Financing Scheme (GTFS) programme was established to provide assistance to the

national manufacturing and service industries that produce green technology products and services for local and international markets. The programme also strives to provide green jobs.

The GTFS strategy outlines the need for green technology development in four main sectors: energy, waste and wastewater management, building, and transportation. GTFS will fund projects that meet private financial institutions' requirements and also meet programme-specific green technology criteria. The national aspiration is to grow more local green businesses and contribute to sustainable development which will promote social and environmental benefits in Malaysia.

The GTFS programme is an example of a best government practice which involves all stakeholders in decision-making and ensures the best value for money. Various agencies responsible for implementing the GTFS programme conduct intensive monitoring to ensure its integrity and accountability. Due to the complexity of environmental issues and challenges in managing them, collaboration among agencies and ministries should be strengthened that requires a concerted efforts, commitment and cooperation of all individuals and

non-governmental organizations to support sustainable efforts.

**e. Water Resources Management**

Since 2015, National Audit Department Malaysia has conducted 10 audits relating to Water Resources Management where the scope of audits cover the management of the Water Regulatory Body on the control of raw water resources comprising quantity, quality, licensing, an enforcement and gazettement of catchment area as shown in 10 states in Malaysia. Amongst the audit findings for water resource management are:

- (i) No action being carried out to measure the flow rates of major rivers in order to determine the availability of waters resources at any given specific time
- (ii) Alternative water resource such as Hybrid Off River Augmentation System (HORAS) reservoirs only concentrated on the Selangor River Basin.
- (iii) Groundwater abstraction rate was small compared to availability from the source.
- (iv) Shut down of water treatment plants due to water sources being contaminated by ammonia, earthworks and oil spills.
- (v) Inventory of water pollution activities was not available to facilitate monitoring and prevention.

**5. NATIONAL AUDIT DEPARTMENT OF MALAYSIA'S INTERNATIONAL INVOLVEMENT ON ENVIRONMENTAL MATTERS**

5.1 Under the flagship of the Memorandum of Understandings (MoU), NADM and Board of Audit of Indonesia have conducted four parallel environmental audits since 2008. The topics were the Audit of Forest Management and It's Important to Environment; the Audit on Management of Mangrove Forest Along the Coastline of the Straits of Malacca; the Audit on Illegal, Unreported and Unregulated Fishing and Its Environment; the Audit on Forest Management and Land Use Planning in Mitigating Climate Change; the Audit on Management of Quarry Activities and Its Impact to Environment and the Audit on Land Use Management on Oil Palm Plantation

5.2 NADM and Board of Audit of Indonesia are currently conducting a two years (2018 - 2019) parallel research on the country and SAI's preparedness in the implementation of SDGs. The purpose of the research is to provide insights and foresights on the preparedness level of both countries and SAIs in the implementation of SDGs through the exchange knowledge, experiences and best practices. Particular attention will be given on the readiness of national system and data aspect as case studies.

5.3 NADM is actively involved with the activities of the ASOSAI WGEA and INTOSAI WGEA. Several papers on environmental audits have been presented at the working groups meetings.

5.4 NADM has also contributed several articles in INTOSAI News Brief Greenlines INTOSAI on the parallel audits topics with Board of Audit of Indonesia.

5.5 NADM has also participated in the IDI blended capacity development programmes in the Performance Audit on Preparedness for Implementation of SDGs in Jaipur, India in December 2017 and Nanjing, China in May 2018.

5.6 NADM participated in the ASEAN Supreme Audit Institutions (ASEANSAI) SDGs Awareness in Jakarta in April 2018 to increase the skills of auditing.

## **6. ISSUES AND CHALLENGES OF ENVIRONMENTAL AUDITING**

In conducting the environmental audit, NADM experiences several issues and challenges as follows:

- a. Environmental data can often be lacking, diffused, or incomplete at the local, regional, and international levels;
- b. Sustainability is a core dimension which is fundamentally difficult to address;

c. Environmental problems and abatement evolve over a long term;

d. Cost-benefit analysis of the long-term benefits of environmental engagements is crucial but difficult;

e. Environmental issues are multinational and multi-disciplinary;

f. Fieldwork requires specific audit competencies and knowledge;

g. Identifying audit criteria at the national level is difficult, and it is also difficult to persuade the government to adopt international criteria; and

h. Auditing generally has a retrospective focus, but environmental issues require vitality in assessing the potential future impact of policies and programmes.

## **7. CONCLUSION AND WAY FORWARD**

7.1 It is observed that many government programmes and activities are carried out on a large scale and involved massive resources. However, these programmes and activities did not take into consideration the environmental consequences or the impacts on environments are not properly understood and accounted for. Environmental audits highlight the short comings and the recommendations help to improve the performance of the government ministries and departments. Though environmental auditing has been conducted since 2005, it is still in the state of development.



7.2 NADM has incorporated the importance of auditing and tracking the implementation of SDGs in the Strategic Plan 2016-2020. Subject matter experts or task force on SDGs has been formed in 2016 and several measures as follows need to be undertaken to enhance the quality of environmental audit:

- The nature and scope of audit has to be redefined in line with SDGs;
- The terms of reference for auditing need to be comprehensive with a new approaches and techniques;
- There should be an integrated to environmental auditing considering the social, economic and environmental aspects for sustainable development;
- Appropriate mix of auditors with technical skills in view of emerging issues to audit such as biodiversity, climate change, trans-boundary environmental hazards and so forth;
- Cooperate with other SAIs on environmental management, environmental accounting and environmental performance management;
- Use of information technology to facilitate environmental audit

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## ***New Progress of Environmental Audit in the Promotion for Sustainable Development- CNAO***

Nowadays, sustainable development is the consensus of human society. From Stockholm in 1972 to Rio de Janeiro in 1992, to Johannesburg in 2002 and New York in 2015, the international community has been working very hard on it. It is also a responsibility for audit institutions to make our contributions. Special working groups on environmental audit are formed in INTOSAI and regional organizations, while SAIs of many countries have made many fruitful achievements.

People's thoughts are led by concepts, and will guide the practice. Today I would like to introduce three "news", namely, new concept, new thoughts, and new measures of sustainable development.

### **I. New concepts of sustainable development**

The concept of sustainable development coincides with China's cultural thought focusing on the harmony between human and nature. More than 2000 years ago, the ancient Chinese philosophers like Lao-tzu, Confucius and Zhuang-tzu had put forward the ideas of "*Tao models itself after nature*", "*Comply with rules of nature*" and "*Unity of heaven and man*", expressing the concept of

harmonious coexistence between man and nature. Through fostering based on heritage and innovating while carrying on in recent years, some new concepts for sustainable development have been formed, which can be summarized in three sentences:

(I) *Ecological Environment is a determining factor of the rise and fall of civilizations.*

Ecological environment is the foundation of sustainable human development. All four of the cradles of civilizations were originated from large rivers with good ecological environment. These regions feature rich material basis for human survival and gave birth to human civilization. Currently, only 6% of the population lives to the northwest of the Huhuanrong Line in China, which takes up 57% of the land of China. It is partially because of the lack of effectively support on sustainable development.

(II) *Lucid waters and lush mountains are invaluable assets.*

The sustainable development requires the overall development of the economy, society and environment. Economic development and ecological environmental protection are an either-or choice in the traditional development model. Many countries underwent the environmental Kuznets curve, i.e.

“pollution first, environment later”. Lucid waters and lush mountains are invaluable assets. It is a vivid interpretation and expression of the new development concept, revealing the inherent unity and mutual promotion between economic development and ecological environmental protection. It stresses developing industries as per local conditions, abandons development models and practices that damage or even destroy the ecological environment, and drives to foster spatial patterns, industrial structures, production methods, and lifestyles that conserve resources and protect the environment, thereby turning ecological advantages into economic advantages and the economic, social and ecological benefits simultaneously.

(III) New insight into the positioning of ecosystem values: mountains, water, forest, lakes, and grassland constitute a community of life. The sustainable development emphasizes the protection, restoration and promotion of an ecosystem that can be used sustainably.

In the past, however, people believed that nature is born to meet the needs of human development and its value lies in being used by human. Consequently, in the process of industrialization, people

took advantage of natural resources and produced environmental pollution problems such as the world’s eight public nuisance incidents. The concept of “a common community of life” affirms the life value and ecological holistic thinking of natural resources such as the mountains, waters, forests, farmlands, lakes and grass. It stresses that the lifeline of the people comes from the farmland, that of the farmland comes from the water, that of the water comes from the mountain, that of the mountain comes from the earth, and that of the earth comes from the forest and the grass. This concept guides us take all the elements of the natural ecosystem into consideration: both hills and their surrounding environment, both above and under the ground, both land and sea, both upper and lower river basins based on the integrity and systemic nature of ecosystems and the way they work, in this way we can comprehensively, holistically and systematically protect, restore and utilize the ecology.

## **II. New thoughts on conducting environmental audit**

Environmental audit assumes different missions at various stages of economic and social development. For now, for full play to its constructive role in promoting

sustainable development, environmental audit urgently needs to optimize its working ideas for transformation and upgrading.

(I) Elevating the Height of environmental audit. The United Nations *2030 Agenda for Sustainable Development* has set 17 development goals. Countries have developed aligned medium- and long-term development strategies and plans. In order to serve these strategies and plans, environmental audit desiderates a better top-level design and working mechanism. The CNAO has conducted effective attempts. In particular, last year, the *Provisions for the Audit on Outgoing Officials' Management of Natural Resource Assets (Trial)* were issued to standardize and institutionalize the implementation of natural resource assets management and ecological environmental protection responsibility of leading cadres. This year, China has set up a special high-level decision-making coordination agency, the Central Audit Committee, to enhance the ability and resolve to chart the course, craft overall plans, design policy, and promote reform. In this way, a centralized, unified, authoritative and efficient audit supervision system with complete coverage can be established. In the new situation, the environmental

audit is stepping up to innovate the auditing concepts and boost the transformation and upgrading of its functional orientation. The key to transformation is to serve the macro decision-making, further heighten the environmental audit, establish and improve the environmental audit supervision system based on the compliance inspection, physical quantity verification, capital project performance inspection, risk disclosure, etc. in the field of resource and environment, with the focus of resource and environmental policy assessment and the evaluation on natural resource assets management and ecological environmental protection responsibility of leading cadres, as well as fully exert the constructive role of environmental audit in promoting sustainable development.

(II) Broadening the Scope of environmental audit. The UN sustainable development goals related to the resources and environment cover water and sanitation, climate change, oceans, ecosystems, energy, and industry. In the face of the new situation, the environmental audit should be committed to achieving full coverage. In the first place, the objects of "people", "finance", "policy" and "resources"



should be fully covered. "People" refers to government officials who fulfill the responsibility of natural resource assets management and ecological environmental protection, including various levels of local governments relevant natural resource asset management departments, especially key leading cadres. "Finance" means related funds and assets in the field of resources and environment that cover all aspects of resource management development and utilization, environmental protection and improvement, ecosystem protection and restoration, etc., focusing on low-efficiency funds and projects. "Policy" indicates all policies involving ecological environmental protection, such as strategies, planning, systems and measures. "Resources" are natural resource assets such as land, water, forests, grasslands, minerals and oceans, environmental quality conditions such as the atmosphere, water and soil, as well as ecosystems including lakes and wetlands, whose focus depends on functional positioning and resource endowment characteristics in different regions. In the second place, a systematic and complete environmental audit project system should be established. To achieve full environmental audit coverage, various types of audit projects can be organized, e.g. the audit on outgoing officials' management of natural resource assets based on responsibility evaluation, the tracking audit on major policy measures based on policy evaluation, and the audit on fund projects based on performance appraisal of funds and projects. Different audit objectives exposed major violations of laws and regulations, major damages to natural resources, and major destructions to the ecological environment.

(III) Advancing the Depth of environmental audit. The ultimate goal of environmental audit is to promote the sustainable development by effectively addressing the resource and environmental issues through audit supervision. The key to addressing issues through environmental audit is to find the roots and urge the relevant personnel to perform the management responsibility, not remaining at the superficial level. Specifically, the goal completion, policy implementation, capital use, and project operation of the same ecological environmental issue should be vertically integrated as a starting point to find the responsibility of relevant personnel in decision-making, management, and supervision. For

instance, one of the sustainable development goals is to “ensure availability and sustainable management of water and sanitation for all”, i.e. “by 2030, we will improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of environmental wastewater and substantially recycling and safe reuse globally”. In the audit, where the surface water and groundwater quality are degraded environmental audits can be focused to find out the completion of annual target tasks assigned by the superior, the implementation of policies measures developed to address the decline in water quality, the performance of funds arranged by the financial department for pollution prevention, the operation of sewage projects, etc. The poor performance of relevant competent departments and personnel including failure to act and unsatisfied supervision should be highlighted to promote the improvement of water quality by solving at a departmental level.

### **III. New measures of environmental audit promotion for sustainable development**

The CNAO is committed to boosting implementation of policies in the resource and environmental fields and

performance of natural resource assets management and ecological environmental protection responsibilities by leading cadres through environmental audit, so as to comprehensively escalate the ability and level of driving sustainable development.

(I) Taking advantage of the platform of major development strategy auditing, and assessing the effectiveness of policy implementation in the resource and environmental sectors. The key to addressing resource and environmental problems is policy measures formulated by the government. *The 2030 Agenda for Sustainable Development* repeatedly emphasizes that the work focus of sustainable development is the government’s coherent sustainable development strategy. The role of policies and development strategies cannot be overemphasized. The scientifically, operability and implementing effect of policies measures have the direct bearing on the effect of ecological environmental governance. The audit’s constructive role is of significance to the policy evaluation. It is to scientifically assess the current situation of the resources and environment, practically evaluate the effect of policy implementation, propose

foresight and constructive suggestions restructuring, etc. It turned out that the based on policy measures such as important lakes are not well maintained, strategies, plans, schemes and opinions the sewage effect on the rivers is not in the resource and environment field, good, the layout of the Yangtze River thus providing support for charting the industrial parks are not scientific and course, crafting overall plans, designing environmental compatible, the small policy, and promoting reform. hydropower is over-disorderly developed, and the water pollution prevention and investment performance is not efficient. Once submitted and announced, the audit results caused strong repercussions. The audit played an important role in promoting the revision and improvement of relevant policies. Here we take the audit and evaluation of policies related to the small hydropower development as an example. Massive small hydropower projects have been built in ten provinces of the Yangtze River Basin, without prominent economic benefits. Worse, in some places, the disorderly development has led to dried-up river ways and affected the ecological environment. On the basis of assessing current small hydropower policies, the audit revealed that there are problems such as excessive development intensity, prominent illegal construction and unsatisfied ecological restoration measures, which were concerned by senior leaders and covered by domestic media. The audit urged the

The audit on ecological environmental protection of the Yangtze River Economic Belt organized by the CNAO in 2017 is a policy evaluation audit on a major national strategy. The Yangtze River is the birthplace of the Chinese nation and also an important support for future development. However, it faces urgent problems like the austere ecological environment and tough industrial transformation. To this end, the Chinese government has formulated an outline for the development of the Yangtze River Economic Belt, which clarifies the orientation of prioritizing ecology, advocating green development, pursuing environmental protection, and avoids large-scale development activities. To better institute this major strategy, the CNAO organized auditing organizations at all levels to fully evaluate the policy execution from water resources utilization, water pollution prevention, water ecological restoration, industrial layout, industrial

development, reform, ecological development and earnestly fulfill their environment, water conservancy, energy responsibilities in natural resources asset and other small hydropower authorities management and ecological to improve relevant policies, suspended environmental protection through the environmental protection approval supervision and evaluation, thus procedures for the addition or expansion boosting the conservation and intensive of small hydropower projects, and use of natural resources assets, the organized a holistic survey and ecological environment security, and the rectification of the existing small sustainable development. Figuratively, hydropower to boost a better ecological when a government official leaves office, environment in the Yangtze River Basin. the auditing agency will supervise and (II) Launching Natural Resource-Asset evaluate the implementation of his Off-office Auditing for Leading Cadres, responsibilities. If he fails to perform his and conduct evaluation for leading duties and worsens the local resources cadres' performance in their and environment, he will be held responsibilities for natural resource asset accountable after his term of office. management and ecological In terms of content, the audit on environmental protection. Once the outgoing officials' management of policy orientation is determined, leading natural resource assets is mainly to cadres would be a decisive factor. The assess how a government official carries key to promoting sustainable out the central policies and deploys the development is to clarify the decisions on the construction of responsibilities of relevant institutions ecological civilization; complies with the and personnel. The audit on outgoing laws and regulations about, makes major officials' management of natural resource decisions on, completes the goals of, assets is an important part of the fulfill the responsibility for, and organize performance evaluation and fund use and project operations accountability system in China's concerning the natural resource assets ecological civilization system. This management and ecological system aims to help auditing organs, environmental protection, etc. The audit especially government officials, establish agency, combining with the above a scientific concept of performance and performance results in the region or

business he is in the charge, will analyze the environmental effects for the changes in natural resource assets management and ecological environmental protection and objectively assess their responsibilities based on the principle of “what to audit and evaluate”. Finally, the

evaluation results and audit opinions will be sent to the government official to be surveyed and reported to the higher authorities.

(III) Blazing the path with big data auditing, and provide efficient and pragmatic technical support for environmental audit. In the new era, the function orientation of environmental audit needs transformation and upgrading, whose technical support also needs to meet the requirements such as serving the macro decision-making and the audit coverage. Moreover, natural resources are widely distributed in space and not easily traced in time. These characteristics are often hard to be satisfied with traditional audit methods, so big data technology is required. Currently, on the basis of collecting and collating data from information systems in fields of land, mineral resources, ecological environment, forestry, agriculture, the CNAO has been actively establishing the resource and environmental management database, the resources and environment violations database, the geographical information database, the media information database, etc., aiming to achieve a digital audit platform for the resources and environment.

For environmental auditing “data sharing eases auditors’ burden”, each project is equipped with a specialized data analysis team to intervene with data using the digital audit method of “overall analysis, discovery of doubts, decentralized verification, and systematic research” according to its goals and characteristics. For example, in the audit on land resources, the geographic information technology is combined with business data to explore the data audit approaches such as the extraction of base data and multidimensional data correlation ratio. Consequently, a large number of suspicious problems including illegal construction of golf courses, illegal land reclamation, and idle land are found. In auditing the mineral resources, attention is paid to the comprehensive application of cross-sector data. Through multidimensional analysis of data such as land, geological survey, industry and commerce, taxation and finance for



overall grasp and accurate focus to find out major illegal clues, e.g. occupying state-owned resources and defrauding mining rights via the transfer of shares and share ownership either by enterprises or individuals. When auditing the policies such as ecological environmental protection of the Yangtze River Economic Belt, three different types of data: resource and environmental services, geographic information, and Internet text, are integrated to find out multiple problems related to macro policy implementation, including the disordered development of small hydropower, poor sewage and illegal electric fish. During the audit on outgoing officials' management of natural resource assets, the geographical information technology was applied to verify the changes in the quantity of natural resources assets and problems including some extensively damaged local forests and grassland resources as well as mining, land reclamation and construction in nature reserves were revealed.

## ENVIRONMENTAL AUDIT FOR SUSTAINABLE DEVELOPMENT"-SAV VIETNAM

### 1. Summary / Introduction

**About the Program:** The 2030 Agenda for Sustainable Development was adopted at the 70th session of United Nations General Assembly, and Sustainable Development has become the global development strategy. In that context, each country should choose appropriate development strategies in line with the principle "*Think globally, act locally*". The agenda consists of 17 goals, focusing on three pillars: Economy - Society - Environment, five of which (Goals no. 6, 13, 14, 15) are directly related to the environment, and the remaining goals are indirectly related to the environment. This shows that environment plays an important role in sustainable development process. The Agenda brings people, planet and prosperity to action, specifically:

**People:** *We are determined to end poverty and hunger, in all their forms and dimensions, and to ensure that all human beings can fulfill their potential in dignity and equality and in a healthy environment.*

**Planet:** *We are determined to protect the planet from degradation, including through sustainable consumption and production, sustainably managing its natural*

*resources and taking urgent action on climate change, so that it can support the needs of the present and future generations.*

**Prosperity:** *We are determined to ensure that all human beings can enjoy prosperous and fulfilling lives and that economic, social and technological progress occurs in harmony with nature.*

**Actions and achievements of Viet Nam:** Recognizing the importance of the Program to the socio-economic development, Vietnamese Government has mobilized all resources needed to successfully implement sustainable development goals (SDGs), with a clear focus on environmental protection. On 10 May 2017, the Prime Minister signed the National Action Plan for the implementation of the 2030 Agenda for Sustainable Development, which outlines concrete objectives for each phase and assigns tasks to involved ministries and agencies in synchronous coordination and implementation to ensure the success of the program. The results show that both the high growth rate and the balances of the economy are maintained, the budget deficit and national debt are controlled within the safety limit. The government are gradually solving successfully the social problems (hunger and poverty elimination, education

development, health care etc.), implementing socio-economic development associated with environmental protection, integrating SDGs into strategies, planning, and socio-economic development program in general and in particular sectors.

The State Audit of Vietnam (SAV), with the task of auditing the management and use of public finance and public assets, has always accompanied the National Assembly and the Government in monitoring and supervising the implementation of the SDGs. In recent years, in addition to its responsibility of verifying the financial situation and contributing to improving the transparency of the national financial system, the SAV always actively does research and learn from the Supreme Audit Institution (SAIs) with considerable experience in environmental auditing in the world through activities such as joining the working group on environmental auditing of INTOSSAI, ASOSAI, training courses, seminars on environmental auditing; establishing environmental auditing department; building targets, strategies, procedures and guidelines on environmental auditing, and implementing audits related to the

environmental field in all three types of audit (*financial audit, compliance audit and performance audit*) with environmental issues of prime concern to the Government and society. The auditing has promptly detected violations in the management and use of natural resources and proposed remedies for the shortcomings and limitations in environmental management, thus protecting the environment. Besides, the SAV also proposed to amend the management documents that are no longer applicable in reality, thereby, creating favorable conditions in the process of implementing environmental protection.

## **2. Government's action towards environmental protection for sustainable development**

### **2.1. Issue plans and strategies for environmental protection and sustainable development.**

Since the commitment to achieve SDGs, focusing on environmental protection, the Government has made on-going efforts to develop and integrate environmental protection into socio-economic development plans and strategies. Fully grasping the views and guidelines of the Resolution No. 24-NQ/TW on pro-active adaptation to climate change, strengthening the

management of natural resources and environmental protection; on the basis of the Law on Environmental Protection 2014, the Government has issued many relevant documents, remarkably including the 2020 National Environmental Protection Strategy with a vision to 2030 and The National Action Plan for the implementation of the 2030 Agenda for sustainable development; Resolution No. 35/NQ-CP on urgent issues in environmental protection. In addition, Vietnam has established a system of state agencies responsible for environmental management from the central to local level and increased budget spending for environmental protection to ensure sustainable development. Specifically:

*National Action Plan for the Implementation of the 2030 Sustainable Development Agenda:* focus on improving the system of criteria and legal documents on environmental protection and sustainable development, further communication and education activities to raise environmental awareness of the whole society, leverage human resources, improve the database system and research, and transfer advanced technology for environmental protection. At the same time, further the monitoring

and evaluation of progress of individuals and organizations in environmental protection.

*The National Strategy on Environment Protection to 2020, with visions to 2030 of Vietnam,* focus on defining specific groups of tasks as the basis for ministries, branches and localities to develop and implement annual environmental protection plans. Specific task groups include: (i) Improvement of the legal documents system for environmental protection and mobilization of environmental protection resources; (ii) Pollution prevention, control and remediation; raising public awareness on environmental protection; (iii) Strengthening biodiversity conservation and adaptation, mitigating climate change; and (iv) International partnerships, scientific research and the transfer of new technologies in environmental protection.

## **2.2. The achievements of the Government**

- A system of viewpoints, guidelines, policies, laws and technical regulations has been amended, improved, and able to meet the requirements of environmental protection; the State organizational apparatus on environment protection has been consolidated from the central to

local level; and state management capacity of cadres and civil servants has also increased. Also, the government has mobilized financial, scientific, technological and internationally cooperative resources as well as called for the participation of organizations and communities to environmental protection.

- A sense of responsibility and compliance with legislation on environmental protection at managerial and community levels is enhanced, especially in jointly participating in the environmental assessment of strategic projects, planning projects and development investment programs; inspecting and verifying environmental impacts before the projects are put into operation; reviewing, evaluating and classifying polluting sources or sources of adverse impacts to the environment; thoroughly handling bodies that induces serious environmental pollution; monitoring the import of scraps; supervising the source, storage, transportation and hazardous waste treatment; inspecting and handling violations of the law on environmental protection; fighting against environmental crime; monitoring areas with many polluting points, (*river basins,*

*craft villages, urban areas, industrial zones*); implementing programs and projects on the collection and treatment of urban waste water; collecting, recycling and treating household solid waste; mitigating pollution, renovating and restoring the environment; providing clean water and ensuring environmental sanitation; protecting forest and reforestation, implementing nature and biodiversity conservation; responding to global environmental issues, cross-border environmental impacts; monitoring and reporting on the current situation of the environment;

- Reducing the number and impacts of currently polluting sources or sources of adverse impacts to the environment; reduce scrap imports as an excuse for importing waste; increase the portion of domestic waste water collected and treated; increased the portion of household solid waste collected and recycled; reduce the portion of buried solid waste; better manage hazardous waste through the monitoring of disposal sources, and waste collection, storage, transport and treatment; some contaminated areas have been remedied, rehabilitated and restored; increase ratio of people having access to clean water

and sanitation; increase forest coverage and improved biodiversity.

### **3. The role of the State Audit of Vietnam in environmental protection for sustainable development**

#### **3.1 Roles and responsibilities of SAV**

The position, function and role of the SAV are laid down in Article No.118 of the Constitution of the Socialist Republic of Vietnam on an independent principle, only complying with the law, with the function of auditing the management, use of public finance, and public assets. Through the environmental audit, the SAV plays the evaluating and supervising role, promptly detecting shortcomings, limitations, and proposing solutions to rectify shortcomings, ensure disciplines and transparency, improve frugality, effectiveness and efficiency in environmental resources management and environmental protection to ensure sustainable development, specifically:

*First:* Assessing the effectiveness and efficiency of the legal document system on environmental protection promulgated by state agencies. On that basis, the SAV indicates shortcomings and makes appropriate audit recommendations for the National Assembly, the Government to timely amend legal documents on

environmental management to meet the requirements of actual situations. One of the relevant issues that the SAV can prioritize to present in the auditing plan in the coming time is the review and assessment of the Government's regulations and policies in taking on international commitments that Vietnam Nam has signed such as Paris Agreement at United Nations Climate Change Conference (COP 21) - This is also the goal no.13 in 17 SDGs.

*Second:* Assess the frugality, effectiveness and efficiency of environmental protection programs, projects and activities. In addition to affirming the accuracy and truthfulness of the program's financial information, the SAV thoroughly analyzes the results of environmental protection project according to regulations. The SAV will make objective and accurate assessments, provide comprehensive information and propose appropriate recommendations for management agencies to promptly overcome the shortcomings, and improve frugality, effectiveness and efficiency of the implementation process, hence, meeting the environmental protection requirements.

*Third:* Assess violations of financial legislation and related regulations.



Proposing the recovery of the State budget spending that violates rules and regulations in budget expenditures, and other taxes as prescribed by law. Proposing the handling of collective or individual responsibility according to regulations.

*Fourth:* Enhance openness and transparency in relation to accountability in management and the use of natural resources and environmental protection. Through the auditing activities, the State Audit has made specific recommendations to the audited units to timely overcome and rectify the shortcomings and weakness, ensuring order and discipline in environmental resources management activities and promoting state agencies to improve the quality of management and the use of resources in a cost-effective manner. This is also one of the basic contents of SDG 16: *"Building effective, accountable and inclusive institutions at all levels."*

*Fifth:* Study the instruction of INTOSAI, ASOSAI associated with the content of the audit of environmental protection objectives for sustainable development, focusing on auditing the preparation process of the Government in implementing, monitoring and reporting the implementation of natural

resources and environmental protection. In particular, the State Audit focuses on reviewing and evaluating the reliability of the information presented in the progress report on the performance of environmental protection to ensure the sustainable development of the Government's control system.

*Sixth:* Publicize audit results, request authorized state management agencies to sanction according to regulations, review personal liability and organizations for wrongdoings, transfer investigating auditing findings showing serious signs of environmental protection by agencies and units to the police so as to take strict measures to ensure the deterrence according to regulations.

### ***3.3 Difficulties and challenges***

Despite remarkable results achieved during delivering environmental audit, SAV is facing several challenges in reality as follows:

- Cognition and awareness to implement regulations on environmental protection by organizations and individuals as well as corporate social responsibility towards communities is not high. Legal systems and standards on environmental protection are still problematic, infeasible, and challenging

for organizations and individual in the process of complying and enforcing laws.

- Environmental audit is a new area which lacks of human resources with knowledge and expertise in environment. Especially, there is no specific guiding tool for environmental auditing to support auditors with directions and methods to approach and apply environmental audits. Therefore, SAVs are gradually developing, improving and consolidating the organization and constantly exchanging lessons learned from SAIs in the community of Supreme audit institutions regionally and globally to enhance their capacity in delivering environmental audits.

- Database systems, information and guidelines materials on environmental audit of SAV are under construction. Most of the audits have been conducted mainly based on the guidance of INTOSAI, ASOSAI, and those of some countries in the world with considerable experience on environmental audits. Parts of the content do not conform to practices and legal systems of Vietnam, so it is difficult to approach, deliver and execute big audits.

- Although in recent years, social awareness of environmental protection has been improved, awareness of environmental protection, awareness and understanding of the role of environmental audit by organizations and enterprises in production business is still limited. As a result, executing audits has not received broad consensus.

### ***3.4 Action plan of SAV***

In order to promote well the role of SAV to environmental protection to ensure sustainable development in the future, SAV defines the focus on the implementation of some specific contents as follows:

*First*, formulate strategic auditing plans and annual auditing plans on the basis of guidelines and policies of the Party and State related to environmental protection. We also need to concentrate resources to conduct audits to evaluate the delivery of SDGs related to environmental protection of the government and localities.

*Second*, further promoting all three types of audits (*performance audit, financial audit and compliance audit*) so as to comprehensively assess the management, use of resources and the administrative responsibility towards

environmental protection of governing authorities. This aims at achieving SDGs from the process of preparation, implementation, monitoring and reporting the auditing progress.

*Third*, train, foster and improve the capacity for the team of auditors. At the same time, we should pay attention to strengthening the quality control of environmental protection from the planning stage of releasing auditing reports and ensuring that the audits strictly comply procedures and standards of SAVs, in line with international practices.

*Fourth*, focus on enhancing accountability and transparency of auditing reports and evaluating and clarifying the performance of task and responsibilities assigned to agencies and units. These organs have the mission to achieve SDGs as well as defining specific responsibility of other involved agencies and units in case detecting the flaws and limits that decrease the frugality, effectiveness and efficiency of the audited activities.

*Fifth*, increase international partnerships; cooperate to participate in scientific research of INTOSAI, ASOSAI on environmental audit; carry out general audits on the topics of

environmental audits with SAIs that have strength in environmental audit to learn from their experience; improve the implementing capacity for auditors and the efficiency of auditing activities.

#### **4. Proposal of solutions shared in the Conference to successfully implement the environmental protection for sustainable development**

##### ***4.1 At the national level***

- Strictly follow guidelines “**Don’t trade off environment for economic development**”.

- Increase the propaganda of guidelines and policies of the Party on environmental protection to the entire political system, contributing to raise the awareness of the whole population and political system through various forms such as mass media campaigns, materials, photos and seminars on environment.

- Integrate plans on environmental protection into the plan of socio-economic development of Ministries, branches, and localities, etc. to stimulate positive changes in the delivery of environmental protection, to promote economic growth associated with environmental protection, and ensure fast and sustainable development.

- Build national database system on environment: The government should develop and update the national database system on environment to effectively undertake environmental protection, realizing SDGs. National database system on environment will adequately provide a faithful overview about the environmental situations in Vietnam. Since then, SAV analyzes, monitors and reviews the progress of implementing SDGs as well as the results achieved. Since then, SAV can define important issues concerning SDGs that need auditing.

#### *National auditing agencies*

- Raise the awareness and understanding of environmental audit of organizations and individuals to ensure the best cooperation in the auditing activities; create favorable conditions for environmental auditing and assist these agencies to be aware of the meaning and contribution of environmental audit to environmental protection. Thus, strengthen the position of SAV in environmental protection, ensuring sustainable development.

- Development of strategic plan on environmental audit: to raise awareness and enhance environmental audit, SAV must build a strategic environmental

audit development plan both medium and long term to direct important environmental audit goals, as foundation for building the annual auditing plan. For auditing content that relates to SDGs, when building annual environmental audit plan, SAV should examine factors such as prioritized goals of the government among SDGs, capacity of SAV or professional requirements necessary for the audits, the feasibility of conducting auditing plan in accordance with targeted goals.

- Increase environmental audits, then timely detecting violations in time to timely sanction according to laws, establish disciplines for the mission of environmental protection. Besides, detect unreasonable features of policies related to environmental protection, to timely propose amendments and supplements to relevant content, create favorable conditions for individuals and organizations in the process of implementation,

#### *4.2 At international level*

- Promote cooperation and sharing of knowledge in the ASOSAI community: Countries in the same regions often have to face similar environmental issues as well as transnational environmental issues. Therefore, organizations and

supreme audit institutions should enhance cooperation to promote sharing knowledge through organizations and regional communities such as EUROSAT, ASOSAT, AFROSAT, etc. Vietnam proposes an idea of creating the ASOSAT web portal as an online forum for all SAT members to take advantage of information technology to discuss common concerns. Therefore, minimize the processing time and increase the quality and efficiency.

audit in the form of parallel or general audit among State Audit. This not only contributes to reinforce the mutual understanding among State Audit Offices but also acts as the best approach to increase the competency for nascent State Audit Offices, and help them to learn from experience and practices of prior State Audit Offices in the field of environmental audit, thereby accelerating the progress of developing environmental audit.

- Capacity development cooperation for SAT members: Together with sharing knowledge in the regions, it is necessary to strengthen and promote the capacity development for SAT members. Vietnam proposes to promote knowledge sharing and increase comprehensive capacity in 3 aspects: specialized capacity, organizational capacity; adaptation capacity to external environment. Forms of sharing can be made through multidisciplinary conferences, training courses of multi-national organizations about environmental-related issues as well as environmental audit.

- Strengthen cooperation among SATs through organizing joint audits among SAT in the field of environmental audit and SDGs: Another effective approach is the implementation of environmental

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## *The Role of SAI in Sustainable Development Goals- SAI INDONESIA*

### **1. Introduction**

In September 2015, world leaders gathered at the United Nations Headquarters in New York and decided to commit to a new development direction in furtherance of the Millennium Development Goals (MDGs) which ended in 2015. As a continuation of the MDGs, the SDGs started to be formulated in June 2015 at the UN Conference on Sustainable Developments Rio+20.

There are five themes which differentiate SDGs from MDGs: people, planet, prosperity, peace, and partnership. Also, seven principles drive the implementation of SDGs. These are universality; national ownership; human rights; integrated, people-centered, gender sensitive, and no one left behind; inclusiveness and participatory; and solidarity and global partnership principles.

INTOSAI included SDGs as a cross-cutting priority in its 2017-2022 Strategic Plan. As a member of INTOSAI, BPK also plans to make valuable contributions through four approaches:

- a. Assessing the preparedness of national systems to report on progress regarding the achievement of SDGs, and to subsequently audit their operations and the reliability of the data they produce;
- b. Undertaking performance audits, which examine the economy, efficiency, and effectiveness of key government programmes that contribute to specific aspects of SDGs;
- c. Assessing and supporting the implementation of SDG Goal 16, which relates in part to transparent, efficient, and accountable institutions;
- d. Being a model of transparency and accountability in the operations, including auditing and reporting.

In April 2017, The Knowledge Sharing Community - The INTOSAI Development Initiative - ASOSAI (KSC-IDI-ASOSAI) - announced the launch of a cooperative performance audit of preparedness for the implementation of SDGs for 2017-2019. BPK is committed to the cooperative audit by nominating audit team members to participate in the activities under the 2017-2019 program.

This paper will explain the result of the performance audit using the approach one by assessing the SDGs Preparedness in Indonesia.

## 2. The efforts of the Government of Indonesia in the preparedness toward the SDGs Implementation

The establishment of the institutional arrangement for the preparedness of the implementation of SDGs by the Government of Indonesia made with the highest political commitment. As one of the countries committed to achieving the SDGs, Indonesia has Presidential Decree (Perpres) No. 59 of 2017 on the Implementation of SDGs. It was

established in July 2017 as a legal basis for engaging and directing ministries and all stakeholders to participate in achieving the 2030 Agenda in the national context.

*Figure 1. Presidential Decree Number 59 the year 2017*



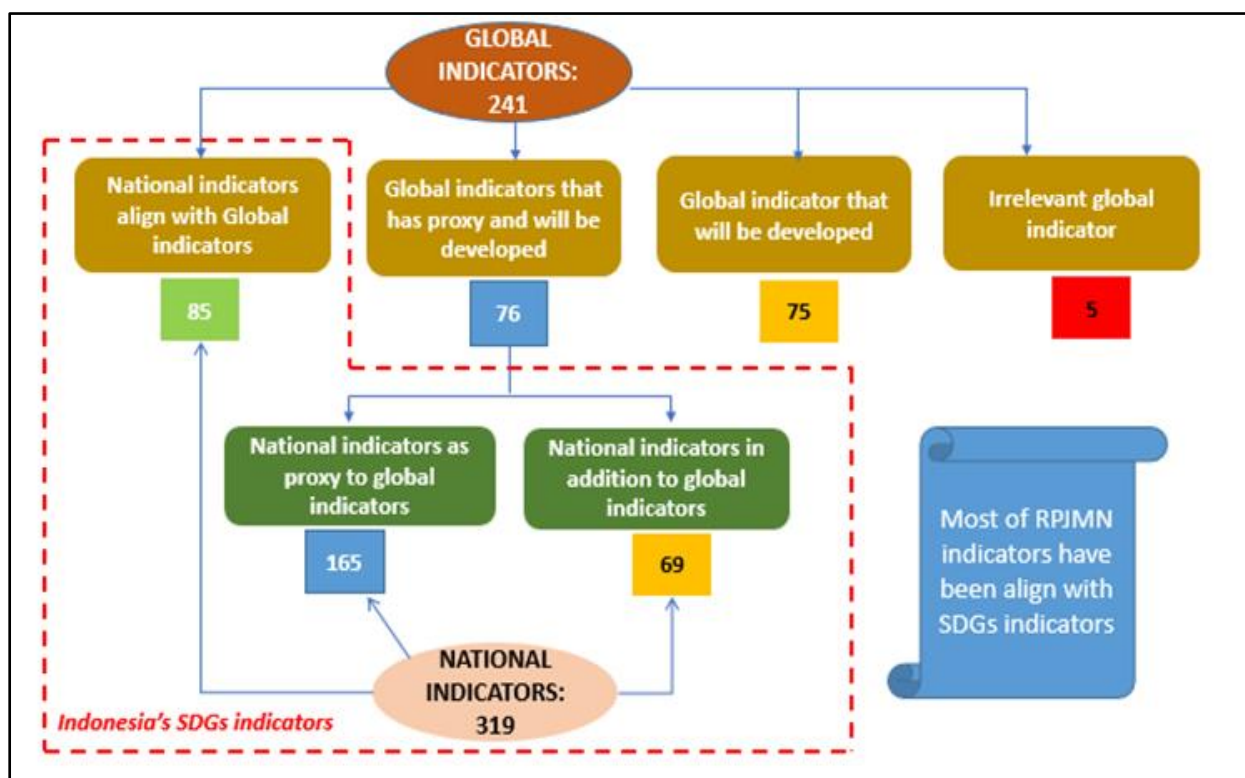
The Presidential Decree also states that the government must establish National and Sub-National Action Plans as well as SDGs Road Map. The National and Sub-National Action Plans comprise planning from 2016 to 2019, while SDGs Road Map details milestones for 2016 to 2030.

For the record, Indonesia has submitted its first Voluntary National Review (VNR) in UN High-level Political Forum (HLPF) in the same month of July 2017. According to the VNR, Government has mainstreamed the SDGs into the 2015-2019 National Medium-Term Development Plan.

The Government has established a mechanism to monitor, follow up, review, and report on the progress

towards the implementation of the 2030 Agenda. The assessment of the achievement of the target for each goal by using the respective indicators becomes part of the monitoring activities. About indicators, Indonesia has 85 out of 241 SDGs indicators, which were categorized as tier-1, the situation where the national indicators align with the SDGs' Global Indicators. The mapping of SDG indicators in Indonesia is shown below.

*Figure 2. Indonesia's SDGs Indicators*



### **3. The Audit Framework of the SDGs Preparedness in Indonesia**

The audit of SDGs Preparedness was designed to assess the effectiveness of the government efforts in adopting SDGs into the national context, sustaining and securing the resources and capacities needed, and establishing a mechanism to monitor, follow up, review, and report on the progress towards implementation of the 2030 Agenda.

SAI of Indonesia combine the audit framework of the seven steps approach, which was a collaboration of the SAI of Netherland, the European Court of Audit and other SAI partners, for reviewing national SDG preparedness. This model was presented in the XXII INCOSAI meeting in Abu Dhabi in December 2016 and explain that the seven steps can be divided into policy framework (four steps) and data framework (three steps). To enrich this framework, SAI Indonesia adopts three main audit questions from the IDI Guidance on the Audit on the SDGs Preparedness and place them accordingly with the policy and data framework. The audit questions are:

- a. To what extent has the government adapted the 2030 agenda into its national context?
- b. Has the government identified and secured resources and capacities (means of implementation) needed to implement the 2030 Agenda?
- c. Has the Government established a mechanism to monitor, follow-up, review?

From the three audit questions, SAI of Indonesia established 12 criteria. The criteria were developed and formulated according to several sources, primarily:

- a) Interim Reference Guide to UN Country Teams – Mainstreaming the 2030 Agenda for Sustainable Development-Reference Guide;
- b) Addis Ababa Action Agenda of the Third International Conference on Financing for Development (Addis Ababa Action Agenda) A/RES/69/313 UN General Assembly 2015;
- c) Conference of European Statisticians' Road Map on Statistics for Sustainable Development Goals;
- d) Report of the Inter-Agency and Expert Group on Sustainable Development Goal Indicators; and
- e) Presidential Regulation (Perpres) No. 59 of 2017 on the Implementation

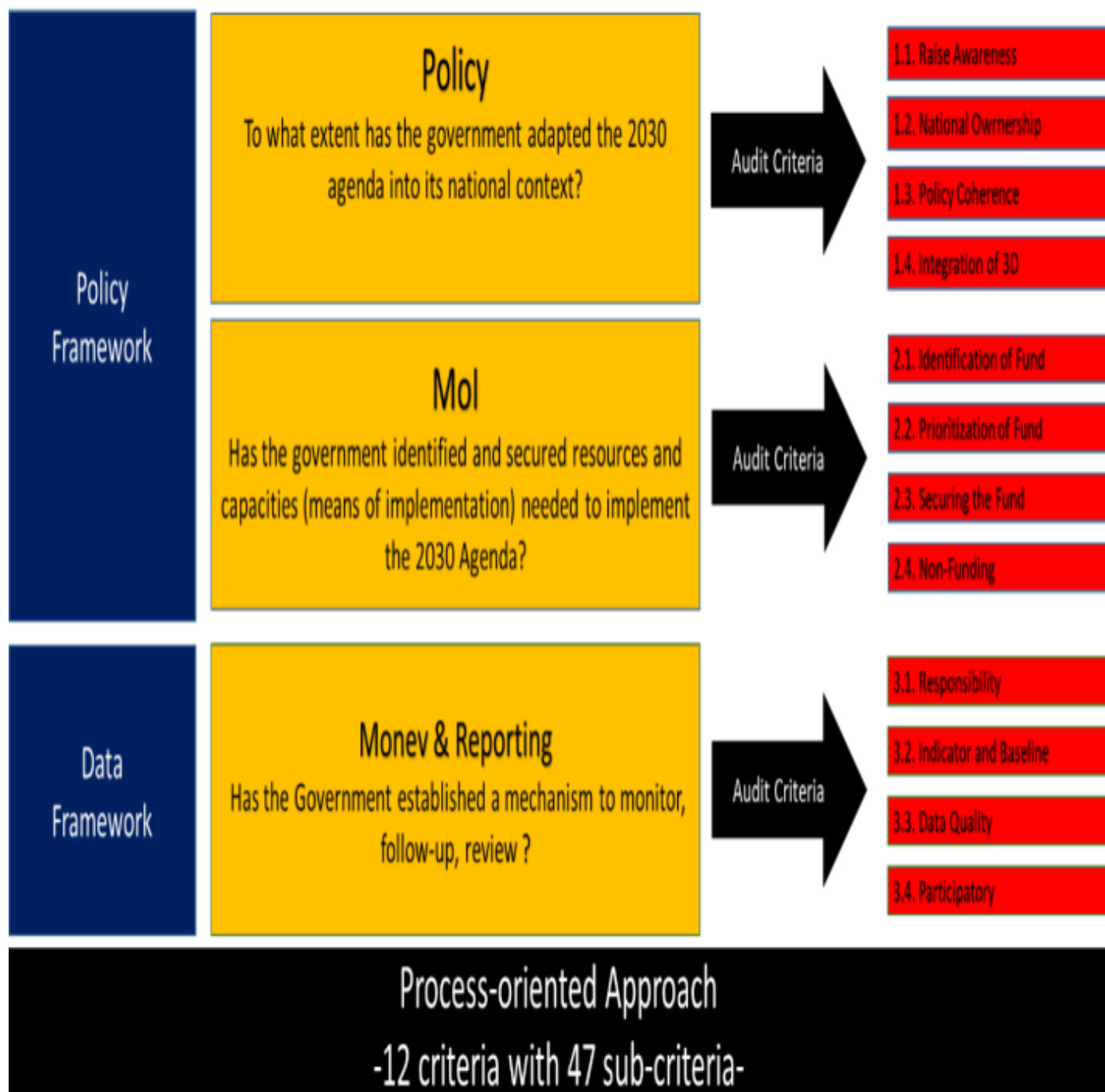
of SDGs.

The 12 criteria were designed to assess the effort of the Government, in term of Policy Formulation stage, in preparing the SDGs Implementation in Indonesia.

The summary of the 12 criteria can be seen as follows:

1. Policy – four criteria :
  - 1.1. Raising Awareness;
  - 1.2. National Ownership;
  - 1.3. Policy Coherence;
  - 1.4. Integration of Three Dimensions.
2. Means of Implementation – four criteria:
  - 2.1. Identification of Funding;
  - 2.2. Prioritization of the Funding;
  - 2.3. Securing the Long Term Funding;
  - 2.4. Non-Finance Resources.
3. Monitoring Evaluation and Reporting – four criteria :
  - 3.1. Responsibility;
  - 3.2. Indicators and Baselines;
  - 3.3. Data Quality;
  - 3.4. Participatory.

Audit Objective : to assess government's effort in adopting SDGs into national context, sustaining and securing resources and capacities needed, and establishing a mechanism to monitor, follow up, review, and report on the progress towards the 2030 Agenda implementation.



*Figure 3. The Audit Framework of SAI Indonesia in Auditing SDGs Preparedness*



On the top of these 12 criteria, SAI of Indonesia uses the Whole of Government (WoG) approach. The approach was applied to obtain audit results that are comprehensive and systematic. The 2030 Agenda has founded on the integrated, inclusive, and participatory principles. Therefore, this audit requires procedures thatb. address cross-departmental and inter-organizational cooperation in the development and implementation of particular public policies and the delivery of services. The whole of government approach focuses on outcomes. It means that the approach enables government ministries and agencies to achieve outcomes that cannot be achieved by work in isolation and to optimize those outcomes by using all of the resources of the State. The diagram of the audit framework can<sup>c</sup>. be seen as follow.

#### **4. The Audit Result of the SDGs Preparedness in Indonesia**

The result of the audit shows that Government efforts are adequately effective in preparing for SDGs implementation. The government has shown the ability to adopt SDGs in its national planning, as shown below:

- a. The government has engaged and called

upon stakeholders to integrate SDGs into the national context and has issued Presidential Regulation No. 59 of 2017 to establish the institutional arrangement as well as to mainstream the 94 global targets into the 2015-2019 National Medium-Term Development Plan (NMDP/RPJMN).

The government has identified the required financing and sources of fund for implementing SDGs in Indonesia, as well as its monitoring and reporting. The government already has a mechanism to ensure the allocation of funds for the 94 SDGs targets that are included as NMDP priorities and the preparation of accountability report. The government has also identified non-financial capacities to support implementation, monitoring, and reporting.

The government has plans to assign the responsibilities to monitor, follow up, review, and report progress on SDGs implementation. The government has established performance indicators, baseline, and milestones to monitor, evaluate, and report on the implementation of SDGs; it has established processes to ensure data quality, data availability, and level of data disaggregation. Monitoring, follow

up, review, and reporting were designed through a participatory process involving the stakeholders.

However, there are rooms for improvement as described below.

- a. Mechanism to ensure the sustainability of SDG programs across government cycles is not yet available.
- b. Government efforts to ensure the availability of funds to implement, monitor and report SDG programs are not yet adequate.
- c. The government is yet to be able to produce the required data disaggregation at the district and municipality levels.

**BPK recommends that:**

- a. The Minister of National Development Planning works with the Minister of Home Affairs to formulate long-term and medium-term planning mechanisms that would ensure the sustainability of national strategic programs/SDGs across government cycles.
- b. The Minister of National Development Planning works with the Minister of Finance to establish presidential decree on quality budget and expenditure.
- c. Statistics Indonesia improves the draft Presidential Regulation on One Data to affirm the position of Statistics Indonesia

as the recognized authority for a statistical referral to coordinate all statistics resources in Indonesia. Moreover, BPK recommends that Statistics Indonesia strengthen the coordination among statisticians in providing reliable and high-quality data.

## **5. Conclusion**

To raise the quality of basic services 40% people with the lowest income according to the principle “No One Left Behind,” the Government of Indonesia need to ensure that policy coherence and integration will be delivered with the sufficient accountability of the sources of fund. The accountability of the means of implementation, which will be used to deliver the services to the citizen, need to be coupled with an adequate monitoring and evaluation system that provide a reliable indicator as a feedback to the policy level.

# *PHOTO GALLERY*

*Vietnam ready to host ASOSAI Assembly - 09/16/2018*





*Bilateral Meeting between the Secretariat and Capacity Development Administrator – 09/16/2018*



*Tripartite Meeting of the Secretariat and Capacity Development Administrator of ASOSAI and IDI – 09/17/2018*



*Strategic Plan Task Force Meeting – 09/17/2018*



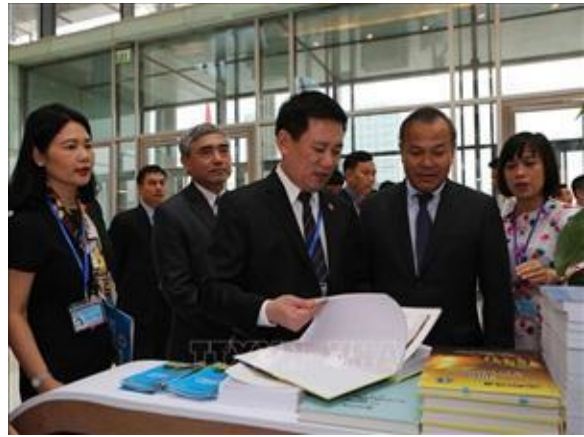


## ASOSAI 14 Press Centre opens - 09/17/2018





*Pavilions of domestic and foreign audit institutions – 09/17/2018*





*Gala Dinner hosted by SAI Vietnam - 09/18/2018*





## 52<sup>ND</sup> ASOSAI Governing Board Meeting – 09/18/2018



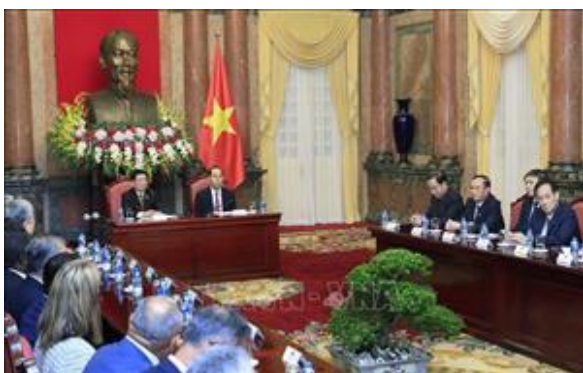
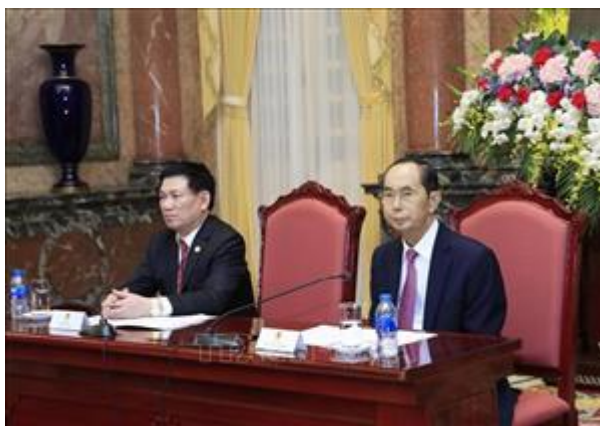


## 14<sup>th</sup> Assembly Opens - 09/19/2018





*President Tran Dai Quang welcomes heads of delegations to ASOSAI 14  
- 09/19/2018*





*First Plenary Session held on 09/19/2018*





**7th Symposium on Environmental Auditing for Sustainable Development held - 09/20/2018**





*Outgoing ASOSAI Secretary General hosts feast - 09/20/2018*





*SAI China hosts feast - 09/21/2018*





*Delegates visit Ha Long Bay - 09/21/2018*





## Second Plenary Session - 09/22/2018





## *Second Plenary Concludes- 09/22/2018*



## *Delegates give minute's silence to late President Tran Dai Quang - 09/22/2018*





## ASOSAI Governing Board holds 53rd meeting - 09/22/2018



*Thank You*