



INTERNATIONAL JOURNAL

— OF GOVERNMENT AUDITING —



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Given the *Journal's* use as a teaching tool, articles most likely to be accepted are those that deal with pragmatic aspects of public sector auditing. These include case studies, ideas on new audit methodologies or details on audit training programs. Articles that deal primarily with theory would not be appropriate. Submission guidelines are located [here](#).

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THIS ISSUE

4 Editorial

6 News in Brief

17 Feature Stories

More Effective Audit Work: Insights from Behavioral Economics

Professional Skepticism: A Model for Public Sector Auditing

23 Inside INTOSAI

39 Spotlight on Capacity Building

42 Spotlight on Science & Technology

FEATURE ARTICLE THEME: AUDITING & THE HUMAN MIND



ADDRESSING COVID-19 IMPLICATIONS NATIONALLY AND GLOBALLY

by Gene L. Dodaro, U.S. Comptroller General and Head of the U.S. Government Accountability Office

The COVID-19 Pandemic has posed significant challenges to public health, the global economy, our governments, Supreme Audit Institutions (SAIs), and the citizens we serve.

As an independent, non-partisan, objective agency, the U.S. Government Accountability Office (GAO) provides oversight of the federal response to the COVID-19 Pandemic. GAO has a history of examining pandemic issues and associated implications. The \$2.6 trillion coronavirus response legislation, known as the CARES Act, requires GAO to continually monitor

and report on the nation's preparedness for, response to, and recovery from, the pandemic.

GAO is examining the impact of COVID-19 on public health, homeland security, and the economy and is looking at such areas as virus testing, managing the national stockpile and distribution of equipment, personal protective equipment availability, infection control at nursing homes, Defense Production Act issues, student loan relief efforts, unemployment benefits, paycheck protection programs, and the use of funds by various agencies.

In my role as head of GAO, I have ensured the agency's seamless transition to a nearly 100 percent telework posture

to continue serving the U.S. Congress and the American people while upholding our core values of Accountability, Integrity, and Reliability.

While GAO telework policies and information technology infrastructure allow us to complete our mission and adhere to current public health recommendations aimed at slowing the spread of the virus, through interactions with international counterparts, I understand that some SAIs do not have the resources or the infrastructure to similarly transition and operate in this environment.

In light of these circumstances, the International Organization of Supreme Audit Institutions (INTOSAI), under the auspices of the Policy, Finance, and Administration Committee (PFAC), established an informal, short-term initiative (Initiative) led by GAO in cooperation with the PFAC Chair, Dr. Hussam Alangari, President of Saudi Arabia's General Auditing Bureau. The Initiative is:

- Helping maintain operational continuity across INTOSAI and individual SAIs; and
- Sharing audit-related information and training tools.

The Initiative is also developing a lessons learned document for external partners, such as the United Nations and World Health Organization, that draws upon collective experiences and focuses specifically on curbing the disease's spread. GAO has extensive knowledge and experience from its previous responses to national and global emergencies that have informed its current actions and ability to address this global pandemic, further underscoring the importance and value of a lessons learned document for SAIs.

SAIs will be of even greater importance and value now and in the future, particularly in auditing national responses to the COVID-19 Pandemic. The Initiative plays an important role in helping SAIs around the world continue to serve

citizens and governments while sharing and learning from best practices.

The Initiative has already launched a dedicated website—intosaicovid19.org—providing relevant, timely resources to include existing International Standards of Supreme Audit Institutions on disaster-related audits and valuable links to pandemic-related information and training tools.

Along with the invaluable contributions from SAIs and INTOSAI partners, the Initiative is leveraging GAO leadership roles within INTOSAI as Chair of the INTOSAI Journal, Chair of the Working Group on Financial Modernization and

Regulatory Reform (FMRR), Vice Chair of the INTOSAI-Donor Cooperation, and Vice Chair of the Working Groups on Big Data and Impact of Science and Technology on Auditing.

I am particularly concerned about the pandemic implications on financial markets and global economies and convened a virtual FMRR meeting in May to focus specifically on these issues. Furthermore, the INTOSAI Journal remains committed to ensuring INTOSAI members and the broader accountability community remain connected during these challenging circumstances.

The Initiative will shortly transition to the longer-term effort, Expert Group on the Strategic Role of SAIs in Addressing Challenges Caused by the COVID-19 Pandemic, established by the Accounts Chamber of the Russian Federation as Chair of INTOSAI's Supervisory Committee on Emerging Issues (SCEI). As SCEI Vice Chair, GAO aims for continued involvement and input.

I recognize all SAIs have had to adapt to evolving global and national needs and priorities. Though deeply saddened by the impact of the pandemic, I am optimistic we will find ways to maximize our value to our governments and our citizens as we pursue our shared interest in enhanced government accountability.

"SAIs will be of even greater importance and value now and in the future, particularly in auditing national responses to the COVID-19 Pandemic."

NEWS FROM SAIs AROUND THE WORLD

News from Switzerland

AUDIT ACTIVITIES DURING THE COVID-19 HEALTH CRISIS

At the end of March 2020, due to the coronavirus spread in Switzerland, the Swiss Federal Audit Office (SFAO) suspended a large proportion of audits while maintaining high priority examinations.

This reorientation aims to use decentralized teams to monitor Federal Council measures in response to the pandemic, particularly those supporting businesses, compensation for loss of earnings, unemployment insurance, as well as cultural and sports communities.

AUDIT APPROACH AGILITY

The SFAO adjusted its audit approach—in accordance with its mandate while incorporating a critical perspective on legal bases associated with the crisis—to improve national response oversight and coordination.

The reorientation has already enhanced the quality of Federal Administration work and reassured Parliament that funds allocated (more than 72 billion Swiss francs by the end of May) are achieving intended goals.

The new approach enables rapid spot checks prior to expenditures, and the SFAO launched a special data analysis effort to detect potential frauds and communicate them to the proper authorities. These measures provide additional security and help limit subsequent corrections.

PRELIMINARY RESULTS

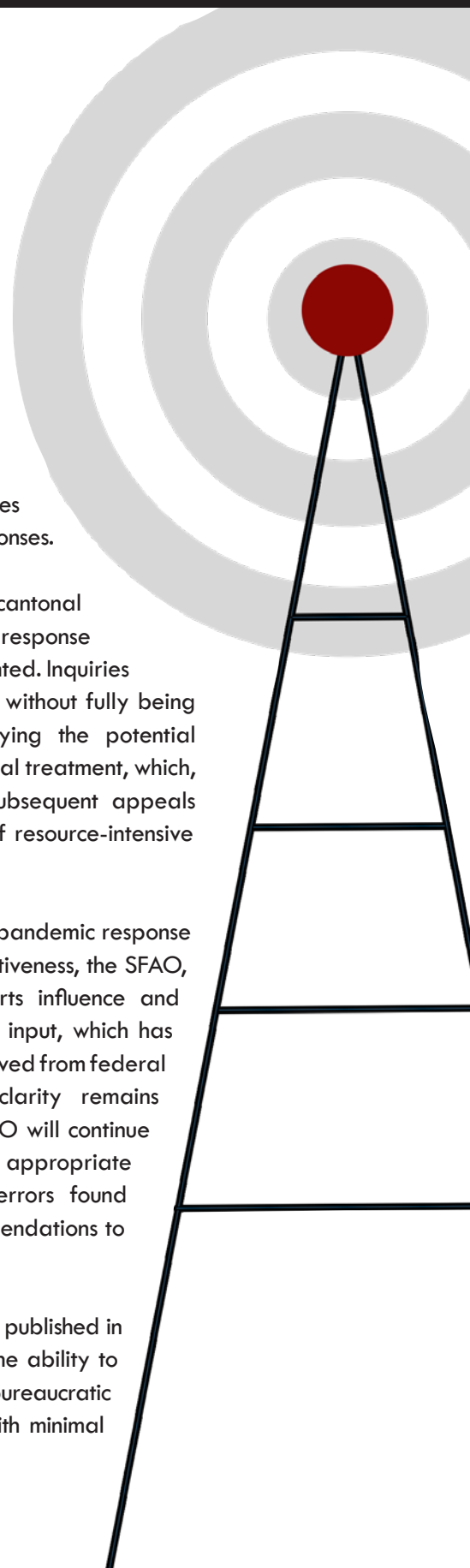
The SFAO published an [interim report](#) on national pandemic response efforts in March. The report, which indicates COVID-related measures entail extensive use of contracts, forms and

agreements, also shows an increase in new procedures and unprecedented volumes of processes requiring rapid responses.

The SFAO observed cantonal differences in how response efforts are implemented. Inquiries continue to escalate without fully being addressed—intensifying the potential for errors and unequal treatment, which, in turn, increases subsequent appeals and the likelihood of resource-intensive corrections.

To enhance federal pandemic response efficiency and effectiveness, the SFAO, when possible, exerts influence and provides immediate input, which has been positively received from federal offices. Providing clarity remains crucial, and the SFAO will continue communicating with appropriate authorities, noting errors found and making recommendations to address them.

A second [report](#) was published in June that discusses the ability to achieve rapid, unbureaucratic federal measures with minimal errors and abuses.



News from Canada



KAREN HOGAN APPOINTED AUDITOR GENERAL OF CANADA

Karen Hogan was appointed Auditor General of Canada in June 2020.

She has over 25 years of professional experience in accounting and auditing and holds a bachelor's degree and graduate diploma in accounting from Concordia University in Montréal.

Fully bilingual, she is a member of the Ordre des comptables professionnels agréés du Québec as well as the Chartered Professional Accountants of Ontario.

Ms. Hogan began her career in the private sector, working first as an auditor at a Montréal-based accounting firm and then as a manager at another private firm in Thunder Bay and Ottawa.

She joined the Office of the Auditor General (OAG) of Canada in 2006 and has served as Assistant Auditor General since January 2019.

She has helped shape organizational change and strategic direction during her time at the OAG. Her work has included:

- Leading the Government of Canada's consolidated financial statements audit;
- Contributing to the delivery of a new report designed to help Parliamentarians and Canadians understand complex financial matters and the importance of financial audits for Canada; and
- Helping develop and deliver a new talent management strategy for the OAG.

Ms. Hogan supports standard setting in Canada as a member of the Public Sector Accounting Discussion Group.

Outside of work, in addition to spending time with her husband and two children, she is actively involved in her community, serves on the board of directors of a not-for-profit organization, and supports competitive swimming as a certified swim official.

The Auditor General of Canada is an [Officer of Parliament](#) appointed for a non-renewable 10 year term upon resolution of the House of Commons and Senate.

Auditor General responsibilities include auditing operations of federal and territorial governments and providing Parliament and the legislative assemblies with independent information, assurance and advice regarding the stewardship of public funds.

To learn more about Ms. Hogan, the OAG and its work, visit the [OAG website](#).

News from France



PIERRE MOSCOVICI APPOINTED FIRST PRESIDENT OF THE COUR DES COMPTES

Pierre Moscovici was appointed First President of the Cour des comptes, the French Supreme Audit Institution, by the President of the Republic on June 3, 2020. He succeeds Didier Migaud, who is now serving as President of the High Authority for Transparency in Public Life.

Mr. Moscovici holds a postgraduate degree in advanced macroeconomics and philosophy and is a graduate of the Institut d'Etudes Politiques de Paris. He joined the Cour des comptes as a junior audit manager upon his graduation from the Ecole nationale d'administration in 1984.

Mr. Moscovici was appointed as technical advisor to the Minister of National Education, Youth and Sport in 1988 and became the Head of the Department for Public Service Modernization and Financial Resources at the High Committee for Strategic Planning in 1990.

He was elected Member of the European Parliament in 1994 and Member of the French National Assembly for the Department of the Doubs in 1997. At that time, he was appointed Minister in charge of European Affairs.

In November 2002, Mr. Moscovici returned to the Cour des comptes and was again elected Member of the European Parliament in 2004, ultimately serving as Vice President.

Twice re-elected Member of the French National Assembly for the Department of the Doubs in 2007 and 2012, he presided over the Urban Area of Montbéliard between 2008 and 2012, when he was appointed Minister of Economy and Finance until 2014.

He held the mandate of European Commissioner for Economic and Monetary Affairs from November 2014 to November 2019 before returning to the Cour des comptes.

He is an affiliated professor at Sciences Po Paris and a visiting professor at Columbia University in New York and the College of Europe in Bruges.

Mr. Moscovici is a Chevalier of the Légion d'Honneur Order.

*Pierre Moscovici, First President, Cour des comptes.
Photo by ELombard, Cour des comptes.*

News from Lithuania



LITHUANIA WELCOMES NEW AUDITOR GENERAL

"More efficient, digitalized audit processes; reduced audit time; advanced technological solutions and information technologies; open data; and artificial intelligence initiatives will help increase audit efficiency and attain higher audit quality," describes Mindaugas Macijauskas, the new Auditor General of the Republic of Lithuania, in his vision for the National Audit Office of Lithuania (NAOL).

"It is not worth moving sideways a high quality ship that is sailing straight and at a rapid pace," he said of his intention to continue the work of his predecessor, Arunas Dulkys, in ensuring maximum publicity for NAOL activities. He also highlighted the importance of presenting best practice examples to the

public rather than solely emphasizing issues found at audited authorities.

Having over 18 years of experience in various roles within the NAOL, including serving as Deputy Auditor General from 2018-2020, he brings a wide range of public audit and leadership expertise to the institution. He holds a master's degree in Public Administration and has been a member of the European Investment Bank's Audit Committee since July 2016.

The Auditor General, appointed for a five-year term by the Parliament of the Republic of Lithuania (on the President of the Republic's recommendation), leads three separate independent institutions acting under the NAOL umbrella: a classical supreme audit institution, European Union investment audit institution and independent fiscal institution.

News from Vietnam

STATE AUDIT OFFICE CONTINUES ENHANCING DEVELOPMENT FOLLOWING CONSTITUTIONAL CHANGES

by Dr. Dang Van Hai, Deputy Director General, Department of Legal Affairs, State Audit Office of Vietnam

The State Audit Office of Vietnam (SAV), established in 1994, became an independent institution in January 2014 through a new constitutional amendment, which enhanced the SAV's legal status, independence and operations.

In June 2015, the National Assembly approved a new State Audit Law that included amendments and supplements addressing several public audit aspects, including audit report legal validity; access to the national database of audited organizations and audit-related agencies, organizations and individuals; rights to impose administrative penalties; and provisions for audited agencies, organizations and individuals to file complaints against SAV assessments and opinions.

Since the SAV's evolution to an independent institution, the Auditor General has implemented numerous initiatives to improve audit standards, processes and records, such as the State Audit Standards System—a comprehensive system applicable to all audit types developed in compliance with International Standards of Supreme Audit Institutions (ISSAIs) and Vietnamese laws and practices. The SAV has gradually cultivated credibility with government and citizens; improved audit quality and efficiency; expanded audit operations; increased audit scope; and diversified audit forms and methods.

Overall, audit quality and efficiency has resulted in positive, comprehensive changes and has contributed to strengthened financial discipline, effective resource use and enhanced anti-corruption initiatives. Audit performance has led to increased state budget revenue and decreased expenditures and has positively influenced National Assembly and government decisions to improve economic and financial mechanisms, policies and laws. While the SAV has experienced many positive results, some audit practices have showed signs of

weakness, which can be attributed to recent change in laws, ineffective organizational structure and poorly implemented coordination mechanisms between investigation, inspection, evaluation, audit and supervision agencies.

To address these limitations, the SAV recommends:

- **Enhancing the SAV's legal base** by conducting tax audits in line with the Constitution and International Organization of Supreme Audit Institutions (INTOSAI) practices; performing audits on all government bodies responsible for state budget expenditures, state enterprises that explore and use land and natural resources, and public-private partnership projects; and supplementing regulations on sanctions for violations against State Audit Law.
- **Consolidating the SAV's organizational structure** by developing more effective centralized management to overcome function overlap; facilitating central and regional specialized units; establishing additional regional offices; and building a resource pool of ethical, competent auditors.
- **Improving professional qualifications, capacity and ethics** by refining recruitment, training and education efforts.
- **Modernizing audit methods and improving audit practice proficiencies by:**
 - Promoting pre-inspections to improve state budget asset management and utilization;
 - Endorsing an audit planning methodology based on risk assessment and key issue identification;
 - Establishing an information database on audit subjects;
 - Determining audit scope in accordance with capabilities;
 - Emphasizing audits on topics of public concern;
 - Enhancing information technology use in audits and audit activities;
 - Improving audit quality while underscoring comprehensive audit control and strengthened auditor responsibilities; and
 - Increasing audit report value.

News from Algeria

COA ORGANIZES TRAINING WITH NCA AS PART OF SHARAKA COOPERATION PROGRAM



As part of the “Sharaka” cooperation program with the Netherlands Court of Audit (NCA), the Algerian Court of Accounts (COA) organized two training courses in January, which included COA magistrates and auditors as well as NCA experts. At the end of the training sessions, participants presented recommendations on strengthening performance audit efforts and future prospects for cooperation to the COA President.

The “Performance Auditing” session focused on studying the tools necessary to master performance audit mechanisms, supporting the selected audit theme, “Recovery of Household Waste,” and developing an audit plan. The second training course on “Auditing the Sustainable Development Goals (SDGs),” highlighted SDG 3, “Ensure healthy lives and promote well-being for all at all ages.” This session, closely related to the COA’s evaluation of Algeria’s National Perinatal Program, provided insight on important points on designing, implementing and controlling health policies, as well as developing a strategy and methods to collect and analyze information.

COA PARTICIPATES IN ARABOSAI MEETING



A COA delegation, chaired by COA President, Mr. Abdelkader Benmarouf, participated in the 60th Arab Organization of Supreme Audit Institutions (ARABOSAI) Executive Council meeting via videoconference on April 20, 2020. The meeting

was held as part of efforts to ensure ARABOSAI member technical support continuity during the COVID-19 Pandemic.

COA IMPLEMENTS PROCEDURES TO ADAPT TO THE COVID-19 PANDEMIC

Technical and Logistical Solutions for Telework

The COA Program and Reports Committee continued 2020 annual report review meetings—aiming for timely report adoption while respecting necessary measures to protect staff. Audit professionals have been authorized to work remotely from home using Information Technology (IT) solutions to communicate and exchange documents. The COA has also provided transportation support to those required to report to the office for service continuity, such as registry, secretariat and IT staff.

Measures to Prevent and Protect Staff

The COA implemented individual and collective prevention measures as recommended by the World Health Organization and the Algerian Ministry of Health, Population and Hospital Reform. The COA has urged social distancing; regularly washing hands and using alcohol-based hand sanitizer after touching objects; thoroughly cleaning workspaces; reducing travel; and using electronic means to communicate.

Relevant administrative departments are regularly cleaning and disinfecting workspaces and offices, and, in accordance with government measures to prevent the disease’s spread, the COA placed 50% of staff on exceptional paid leave as of March 22, 2020. All visits have been suspended—stakeholders have been directed to COA online resources, such as the virtual catalogue consultation web app, which includes an electronic messaging service.

GUIDING ACTIVITIES FOR COUNTERPARTS

The COA has formulated recommendations other Supreme Audit Institutions (SAIs) may find helpful in improving audit activities in times of crisis:

- The COVID-19 Pandemic represents an opportunity to review working methods and develop digital solutions for more efficient operations, audit activities and documentary products; and
- Given the depth of the current health crisis, SAIs, within specified mandates, may find it beneficial to prioritize auditing pandemic-related public programs—focusing on program financing, effectiveness and ability to contribute to SDG implementation efforts.

News from Latvia

Persons in retirement

Persons with disabilities and persons with functional impairments

Roma people

Retirement eligible persons

Children

Unemployed persons

Large families and single parent families

NO POVERTY

Imprisoned persons and persons released from imprisonment

Homeless persons

Persons with knowledge and skills that are insufficient, low or inadequate for the labor market

Victims of human trafficking

Persons addicted to psychoactive substances

Needy persons

SAI LATVIA ANALYZES NATIONAL POVERTY REDUCTION PROGRESS



What We Audited and Why

“End poverty in all its forms everywhere”—the first of 17 Sustainable Development Goals (SDGs) at the heart of the 2030 Agenda for Sustainable Development.

In 2010, the European Union (EU) highlighted ending poverty in its “Europe 2020 Strategy,” with each EU member state adopting its own national targets. In Latvia, this commitment is included in the country’s key long-term and medium-term public policy. Similarly, reducing poverty is a recurrent theme behind most activities the nation plans to introduce.

Latvia’s Supreme Audit Institution (SAI) recently audited the National Inclusion Policy to evaluate how well the policy helped achieve poverty reduction targets. SAI Latvia comprehensively assessed the social support system—analyzing government actions to reduce poverty, which ranged from defining targets to identifying most at-risk population groups to actual support provided.

State and Municipal Functions—Problems Identified

Audit conclusions showed poverty reduction initiatives only partially reached those most in need of social support. Targeted and coordinated action is essential in all relevant national policy areas, including unemployment, state social benefits, social assistance, social security, equal opportunities for people with disabilities, taxation, education, health and the economy.

However, no public policy or framework has been developed to coordinate necessary efforts. The audit found that national,

regional and local government measures designed to identify and address the needs of those requiring social support often overlapped or were contradictory.

Recommendations

SAI Latvia recommended all relevant public institutions include national poverty reduction targets when performing and assessing tasks. Aligning all sectors and organizations—with the SDGs, Europe 2020 Strategy and high-level national public policy—through a single action plan may help achieve poverty reduction objectives.

When developing future policy aimed at reducing national poverty, SAI Latvia recommended analyzing state, regional and local social support systems, mechanisms, costs and how well implemented measures have addressed those most vulnerable to poverty and social exclusion. This analysis would highlight any gaps and help determine required support aid.

The future challenge for Latvia will be deciding on how to best address poverty reduction, whether it be maintaining the universal benefit system (knowing that increasing existing aid and/or introducing new aid will be significantly limited by lacking financial resources) or gradually introducing a targeted means-tested benefit system.

Audit conclusions prompted SAI Latvia to provide 12 policy improvement recommendations to the Ministry of Welfare (the institution responsible for coordinating a single social inclusion policy) and four recommendations to the Cabinet of Ministers.

SAI Latvia indicated that the identified shortcomings can be remedied by significantly improving cooperation among all institutions responsible for implementing the social inclusion policy. The summary of the report is available [here](#).

News from Egypt

THE ASA CONTRIBUTES TO REGIONAL MEETINGS AND SYMPOSIUMS



Egypt's Accountability State Authority (ASA) participated in several virtual events, including the 16th Arab Organization of Supreme Audit Institutions (ARABOSAI) Capacity Building Committee and 15th ARABOSAI Professional and Supervisory

Standards Committee meetings on May 14, 2020; and the 2nd ARABOSAI Auditing Sustainable Development Goals Committee meeting on May 21, 2020.

The ASA also contributed to a remote symposium on the "Implications of the COVID-19 Pandemic: Challenges and Focus Areas Expected in Financial Audit" organized by SAI Tunisia, ARABOSAI's General Secretariat, on June 4, 2020. ASA delegates, Alaa El-Din Abdel-Rahman and Mohamed Gomaa, provided a presentation on "Preparing Financial Statements According to International Accounting Standards in Light of the COVID-19 Pandemic."

THE ASA CHAIRS COMESA BOARD OF EXTERNAL AUDITORS

The ASA chairs the Common Market for Eastern and Southern Africa (COMESA) Board of External Auditors for fiscal year 2018. The accounts auditing date has not been determined. The Board has finalized its charter elaboration as well as all required audit instruments, and the COMESA Secretariat is taking necessary actions to obtain approval from the Auditors General of all COMESA member states.

THE ASA PARTICIPATES IN AFRICAN UNION INTERIM AUDIT

The ASA is a permanent member of the African Union Board of External Auditors and participated in the interim audit of African Union accounts for fiscal year 2019 in Addis Ababa, Ethiopia, and Nairobi, Kenya, from February 11-29, 2020. The final audit, originally to take place in April, has been postponed due to the COVID-19 Pandemic.

News from Myanmar

SAI MYANMAR HOSTS VIRTUAL INTERNATIONAL STANDARDS TRAINING

Myanmar's Office of the Auditor General of the Union (OAG) has launched virtual training opportunities on International Public Sector Accounting Standards (IPSAS) and International Financial Reporting Standards (IFRS). As the OAG continues plans to transform the government accounting system from a cash to accrual basis, IPSAS training is essential. Understanding IFRS requirements is equally important, as all public interest entities, State-owned economic enterprises, and small- and medium-sized organizations are to be IFRS compliant beginning in the 2022-2023 financial year.

The OAG successfully launched the first IPSAS basic level class on February 29, 2020. However, due to the COVID-19 Pandemic, in-class instruction abruptly ceased, and the class migrated to a virtual environment. The transition to an online venue resulted in an increase in course participants (from 100

to 245 staff from OAG headquarters, various regional audit offices, Ministry of Planning, Finance and Industry, and Ministry of Education, which is piloting financial statement preparation in line with IPSAS cash basis accounting). The IPSAS course, which runs through December 27, 2020, provides participants with 147 lecture hours focusing on applicable private and public sector accounting standards and IPSAS cash and accrual basis requirements.

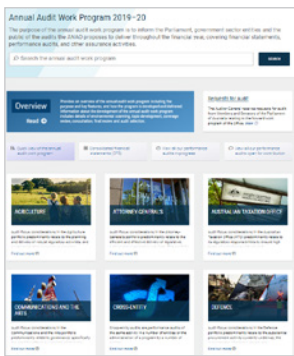
The first IFRS lesson was livestreamed May 26, 2020, to 80 OAG participants. The five-month course includes 120 lecture hours to improve IFRS knowledge, understanding and analytical skills.

The courses, modeled on "training for trainers," enhance IPSAS and IFRS implementation and compliance, as participants will disseminate knowledge gained through course instruction within respective departments and regions. These courses greatly contribute to the accounting system transition as well as OAG capacity development.

News from Australia

ANAO ADJUSTS AUDIT ACTIVITIES, IMPLEMENTS NEW MEASURES TO ADDRESS COVID-19 PANDEMIC IMPACTS

The COVID-19 Pandemic, and the Australian Government’s response to it, significantly affects national public sector risks. This change in risk environment directly impacts work undertaken by the Australian National Audit Office (ANAO) across performance audits, financial audits and other assurance activities.



The ANAO 2020–2021 Annual Audit Work Program (AAWP) includes the ANAO’s strategy for auditing COVID-19 related measures and is designed to: respond to the interests and priorities of the Parliament of Australia; provide a balanced program of activity informed by risk; and promote accountability, transparency and improvements to public administration. The strategy is flexible and will continue to evolve over time as the government announces new initiatives or adjusts existing policies to address the changing pandemic situation and its impact on citizens and the Australian economy.

The ANAO has also created a page on its website outlining COVID-19 related work: <http://www.anao.gov.au/work-program/covid-19>.

Performance Audit

There will be three stages of performance audit for COVID-related measures across the sector:

- *Stage One:* early audits focusing on risk management, emergency procurement and coordination;
- *Stage Two:* examining the preparedness, planning and implementation of measures; and
- *Stage Three:* assessing the whole of sector response and its effectiveness to meet objectives.

Financial Audit

The COVID-19 situation presents new key risk areas for ANAO audit operations and financial statement preparation processes. Given the evolving nature of the COVID-19 response, the ANAO is reassessing and revising audit plans for the 2019–2020 and 2020-2021 financial statement audit cycles. Potential evolving risks may require audit teams to change audit approaches.



Audit Insights

The April 2020 edition of ANAO audit insights, “Rapid Implementation of Australian Government Initiatives,” highlights key messages from Auditor General reports that examined the rapid implementation of government initiatives.

The focus is on key lessons learned from audits of past rapid response activities, which are likely to have wider applicability to the Australian Public Service as it supports the national COVID-19 Pandemic response.

News from Guatemala

OFFICE OF THE GENERAL COMPTROLLER OF ACCOUNTS TAKES ACTIONS TO ADDRESS COVID-19 PANDEMIC IMPLICATIONS

Given the imminent arrival, spread and impacts of the COVID-19 Pandemic in Guatemala, the President of the Republic and Council of Ministers declared a state of national emergency in March 2020. This declaration included social distancing provisions, which prevent large concentrations of people and limit travel.

When the state of emergency was announced, Guatemala's Office of the General Comptroller of Accounts, the nation's Supreme Audit Institution (SAI), was performing 554 audits related to fiscal year 2019 State budget income and expenses.

Edwin Humberto Salazar Jerez, PhD, General Comptroller of Accounts, capitalized on institutional independence and legal powers allowed in compliance with COVID-19 prevention measures to electronically communicate audit results while also permitting auditees to respond by electronically submitting comments, arguments, evidence and supporting documents.

SAI Guatemala also implemented initiatives to effectively continue operations and established practical actions to contain the spread of the virus, including technological solutions to strengthen telework practices.

To reinforce government programs supporting citizens during the pandemic, SAI Guatemala issued the "Strategic Control Plan in the Framework of the COVID-19 Health Emergency." The plan outlines public funds oversight measures; concurrent financial, compliance and performance audits; and methods to effectively promote integrity, transparency and accountability.

SAI Guatemala is already executing oversight for various national COVID-19 Pandemic programs initiated by the Presidency of the Republic.

For more information, visit www.contraloria.gob.gt.



Pictured: (Top) Edwin Humberto Salazar Jerez, PhD, General Comptroller of Accounts, presents the "2019 Budget Settlement of State Income and Expenses." (Center and Bottom) SAI Guatemala audit team performs on-site visits for various national COVID-19 Pandemic programs initiated by the Presidency of the Republic.

News from Turkey

TCA CELEBRATES 158TH ANNIVERSARY



The Turkish Court of Accounts (TCA) celebrated its 158th anniversary on May 29, 2020.

The TCA, established in 1862 during the Ottoman Empire as Turkey's Supreme Audit Institution, actually bears a history spanning 1,180 years considering its existence as an audit body since the historical Turkish states—to which the TCA owes its current knowledge and experience. The present system began as the Court of Control, the audit body of the Karakhanids, Gaznavids and Great Seljuk Empires.

The TCA audits public administration revenues, expenditures and property on behalf of the Turkish Grand National

Assembly and conducts guiding activities for public entities with an aim to contribute to improving public financial management and public service quality, assessing public organization performance, and developing accountability mechanisms and fiscal transparency to ensure effective, efficient use of funds.

Using its strong knowledge base and organizational structure, the TCA continues cooperative efforts—regionally and globally. In addition to the European Organization of Supreme Audit Institutions Presidency, the TCA takes active roles in other international organizations to transfer knowledge and experience to future generations given modern requirements and with the ideal of “going beyond the level of contemporary civilizations.”

TCA CONDUCTS QUALITY ASSURANCE REVIEW ON REGULAR AUDITS



The TCA continues to strengthen its corporate capacity for effective and reliable auditing. In accordance with TCA Strategic Plan 2019-2023 objectives, the TCA conducted a quality assurance review on completed regular audits (financial and compliance) to assess policy and procedure relevance, adequacy and effectiveness.

In line with International Standards of Supreme Audit Institutions (ISSAI) 140 and 2220, a team of six auditors having independent, sufficient and appropriate experience and authority performed the quality assurance review.



The review aimed to (1) evaluate the extent to which audit teams followed international audit standards and internal audit regulations and (2) determine ways to improve TCA audit work.

Twenty-one audits were randomly selected (one from each audit group) and then reviewed using compliance assessment tools based on the TCA Regularity Audit Manual and ISSAIs.



The review included examining current and past audit files, working papers and basic processes as well as interviewing audit teams.

At the end of the review, a general evaluation report, along with individual review reports for each audit file, were prepared and submitted to TCA management.

The TCA plans to annually conduct quality assurance reviews on select audits as the part of its audit process.

MORE EFFECTIVE AUDIT WORK:

Insights from Behavioral Economics



**WATCH
FOR
BIASES**

by Loren Yager, Ph.D., Instructor, United States Government Accountability Office Center for Audit Excellence

The behavioral economics field has developed valuable insights on when (and how) people make systematic errors in decision-making due to cognitive biases and fallacies. These insights can deepen the understanding of various factors affecting decision-making and are particularly important to audit work, which aims to be independent and objective.

In 2002, psychologist Daniel Kahneman earned the Nobel Prize in Economics for his work concerning human judgement and decision-making, and his book, “Thinking Fast and Slow,” has become required reading across many disciplines in colleges and universities. Economist Richard Thaler won the same prize in 2017 for his efforts in establishing decision-making as predictably irrational in ways that defy traditional economic theory. By simply observing colleagues, both researchers found even well-informed, well-educated professionals are subject to systematic errors and biases. Behavioral economics traces these errors to the design of

the human mind—concluding we are all hardwired to make such errors.

While behavioral economics better explains decision-making across a wide range of situations, it’s not necessarily easy to apply those insights to work environments. One challenge is the field has generated a large number of cognitive biases and fallacies affecting us, which can be overwhelming when trying to determine which biases and fallacies are most applicable in professional environments. A second challenge is there has been little effort to map biases and fallacies to typical auditing tasks and decisions.

This article addresses both challenges and attempts to assist auditors in applying key insights to think more critically by:

- Outlining relevant biases and fallacies that affect decision-making, and
- Suggesting ways insights can be utilized during the audit process.

TABLE 1: APPLICATION OF BEHAVIORAL INSIGHTS TO THE AUDIT PROCESS

	<i>Planning Fallacy</i>	<i>Interviews vs Data</i>	<i>Attribution Error</i>
Definition:	Tendency to underestimate the time needed to complete projects	Placing too much weight on information from interviews	Tendency to find meaning even when looking at sparse data
Relevance to:			
<i>Audit Office Operations</i>	Project management	Hiring	Validity of audit findings
<i>Audit Oversight Projects</i>	Project oversight	Reliance on expert or authority-figure interviews	Validity of agency rationale
How to Address:	<ul style="list-style-type: none"> • Use base-rate data • Consider plans to be best case scenarios • Conduct pre-mortem discussions • Reduce project scope 	<ul style="list-style-type: none"> • Test all interview-generated hypotheses against valid, reliable data • Conduct open discussions of assumptions 	<ul style="list-style-type: none"> • Consider multiple explanations, including chance • Test hypotheses with data whenever possible • Incorporate divergent views

Which cognitive biases might affect auditor planning decisions, influence the use of testimonial evidence, or affect message development and conclusions? How can an auditor minimize these effects? Table 1, "Application of Behavioral Insights to the Audit Process," provides a few examples and recommendations.

The Planning Fallacy

The planning fallacy is a key behavioral economics insight where teams consistently underestimate time required to complete a project, a phenomenon often resulting in resource misallocation or wasted effort.

Kahneman relates his experience leading a team charged with developing a new academic curriculum. The team, ignoring the prior experiences of members (base-rate information), missed the estimated project completion date by years—so far behind schedule, in fact, the completed curriculum was never used.

In audit work, relevant base-rate information from prior audits is usually accessible, yet auditors still fall victim to the optimism researchers find so common in planning. The planning fallacy, applicable to numerous audit types, including agency acquisition, tends to result in projects that take longer, deliver less and cost more than originally planned.

Research has identified techniques to address the planning fallacy. One is to collect data on prior projects to estimate new project schedules and budgets. Although it is important to provide more realistic schedules, research also demonstrates that using short- and intermediate-term milestones is essential in keeping teams project focused.

Other techniques include asking whether project plans reflect best-case (rather than likely) scenarios and holding pre-mortem meetings, where participants are encouraged to imagine new projects are months behind schedule and identify potential causes.

Interviews vs. Data

Behavioral economics provides a second key insight for auditors regarding the common tendency to place more weight on interviews and testimonials than on documents and data. While the audit framework already lists testimonial evidence below documentary evidence and data, the research provides additional reasons to be cautious.

One set of biases related to testimonial evidence involves the interviewee. Research shows that memories of events are often faulty (even when attempting to be truthful). The unreliability of such evidence is so well documented that the Department of Justice developed stricter guidelines on

using lineups and photographs to reduce the risk of wrongful convictions.

A second set of biases involves those held by the interviewers (audit team members). These include authority bias when the team is interviewing high-level officials or confirmation bias where more weight is given to interviews supporting our initial hypotheses.

In both cases, research cautions against relying on testimonial evidence, which reinforces the importance of collecting as much systematic evidence as possible, particularly to test initial hypotheses generated in interviews against relevant and reliable data.

Attribution Error

Psychologist Paul Nisbett, also active in behavioral economics, believes the fundamental attribution error is the most serious of all biases. In his research, Nisbett demonstrates no causality exists in many cases—just random data variation.

“We are superb causal hypothesis generators. Given an effect, we are rarely at a loss for an explanation,” notes Nisbett in his book, “Mindware: Tools for Smart Thinking.”

Specific fundamental attribution error biases include seeing patterns in data and events when there are none, neglecting statistical or probability effects, and using schemas or stereotypes when making judgments.

For example, in comparing male birth percentages in small to large hospitals in China, it would be much easier to find small hospitals with monthly averages at 70% or above (just as flipping a coin ten times leads to much more likely results of 7 or more tails (17.2%) than flipping a coin 20 times and achieving 14 or more tails (5.8%). This example illustrates how a person might overlook different sample sizes, determine a causal explanation, and hypothesize some kind of intervention is needed.

Nisbett also discusses how we use schema or stereotypes—rules systems and templates—to help us make sense of the

world and act appropriately in different situations. However, we are generally unaware of how schema might affect our decisions, such as education bond issues receiving more votes when the voting location is a school.

Research has also shown that we tend to discard base-rate information (probabilities) once we have conducted an interview, even though base-rate information is often much more predictive than schema-based judgments.

We can't turn off our tendency to form hypotheses...we can increase our awareness, encourage alternative explanations and ensure any causal interpretations are fully supported by facts.

We can't turn off our tendency to form hypotheses, and forming hypotheses can be helpful in early audit process stages. However, we can increase our awareness of this tendency, encourage alternative explanations and ensure any causal interpretations incorporated in reports are fully supported by facts.

Summary

The Nobel Prize for Economics is generally awarded decades after the original contributions are published when it is clear the ideas have influenced thinking across the discipline. In the case of behavioral economics, impact has been much broader, as insights have extended into numerous other fields and professions, such as auditing. As careful and critical thinking are important aspects in audit work, greater awareness of these concepts would benefit the auditing profession.

Sources

Adam Alter, *Drunk Tank Pink*, 2014.

Cognitive Bias Codex, John Manoogian III, in *Visual Capitalist*, September 25, 2017.

Daniel Kahneman, *Thinking Fast and Slow*, 2013.

Paul Nisbett, *Mindware: Tools for Smart Thinking*, 2016.

PROFESSIONAL SKEPTICISM: A MODEL FOR PUBLIC SECTOR AUDITING

by Dr. Hamid Reza Ganji, Assistant Professor, Department of Accounting, Alzahra University, and Dr. Ghorban Eskandari, Senior Auditor, Supreme Audit Court of Iran

Professional skepticism is a key element in high-quality audits, as it ensures auditor judgments are less clouded by personal biases. According to audit standards, professional skepticism involves having a questioning mind and critically assessing audit evidence. However, there is no universally accepted definition of professional skepticism. As a result, the ways in which auditors exercise professional skepticism vary.

Recent discussions in the auditing community have identified two primary approaches to professional skepticism: “neutrality,” in which the auditor neither assumes management is dishonest nor unquestioningly assumes honesty, and “presumptive doubt,” in which the auditor assumes some level of carelessness, incompetence or dishonesty on the part of financial statement preparers unless the evidence shows otherwise. There is a lack of consensus on which of these two approaches is most appropriate for auditing.

A Study to Determine a Model for Professional Skepticism

Regulatory bodies, standard setters and academic researchers have recognized the need to better define what constitutes professional skepticism and develop a model for how auditors can apply it. To that end, this study examined how auditors in Iran define professional skepticism, how they exercise it when interacting with different clients, and how audit entities can better emphasize the importance of professional skepticism.

Previous studies have provided conceptual frameworks for understanding professional skepticism by reviewing audit standards and testing relationships between professional skepticism and other variables. This study contributes to the discussion by basing conclusions about professional skepticism on how it is actually exercised by Iranian auditors and audit firms.

Research Methodology

The research used a grounded theory approach involving systematic data gathering and analysis for theory development. Twenty-eight semi-structured interviews were conducted with independent auditors holding positions at various organizational levels, such as managers, supervisors and senior auditors.

Participants (members of the Iranian Association of Certified Public Accountants and the Supreme Audit Court of Iran) were selected using the snowball sampling method, where participants helped recruit other participants. Members were asked several questions related to professional skepticism, including concept definition, exercising it in specific situations, and the conditions considered necessary to support its use.

Based on collected and analyzed interview data, a paradigm model was devised to identify concepts and interrelationships in a framework with one core phenomenon (see Figure 1). To measure interview validity and reliability, members of the study and subject matter experts were asked to review the methodology, model and overall findings.

Study Findings

Data showed “presumptive doubt” as the most common manner in which Iranian auditors exercised professional skepticism. Findings also demonstrated:

- Factors leading auditors or audit firms to have an attitude of presumptive doubt toward a client include information asymmetry, level of audit risk and client characteristics.
- An attitude of presumptive doubt can persuade auditors or audit firms to employ strategies, such as supervising and reviewing work; ensuring the engagement team is staffed with qualified auditors who are well suited to the client; validating evidence; challenging client explanations; tracking contradictory evidence; and adjusting plans as necessary.

- Strategies auditors or audit firms choose are influenced by many factors, including audit process complexity; level of auditor independence and objectivity; and characteristics of the auditor, client, evidence, and external environment.
- Employing these strategies has resulted in improving audit quality, increasing efficiency, protecting and enhancing an audit firm's professional reputation, and reducing risks to auditors and audit firms.

Figure 2 on the following page is a paradigm model for professional skepticism that details the causal conditions; core phenomenon; context and intervening conditions; action strategies; and consequences tailored to the study data. It also provides a comprehensive list of identified context and intervening condition characteristics influencing action strategies auditors and audit firms may use when exercising professional skepticism. Some items identified through the interviews have not been emphasized in previous studies, such as information asymmetry, professional reputation, process of gathering evidence, materiality level, and shareholder type.

Supreme Audit Institutions in other countries may find it useful to incorporate the paradigm model into efforts aimed at strengthening professional skepticism. SAIs can customize characteristics to a particular context or use the findings as a case study in professional training modules.

For details about this study, the paradigm model, and a full list of references, contact the author at h.ganji@alzahra.ac.ir.

FIGURE 1: PARADIGM MODEL FOR PROFESSIONAL SKEPTICISM

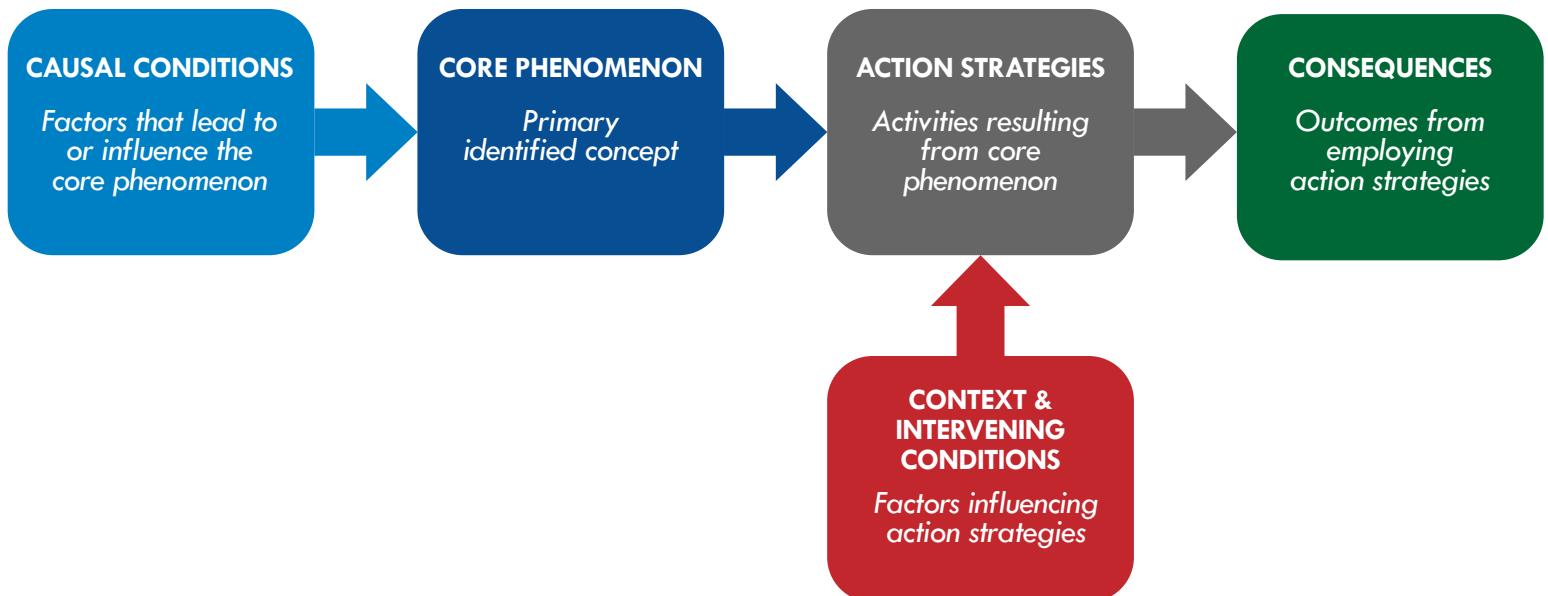
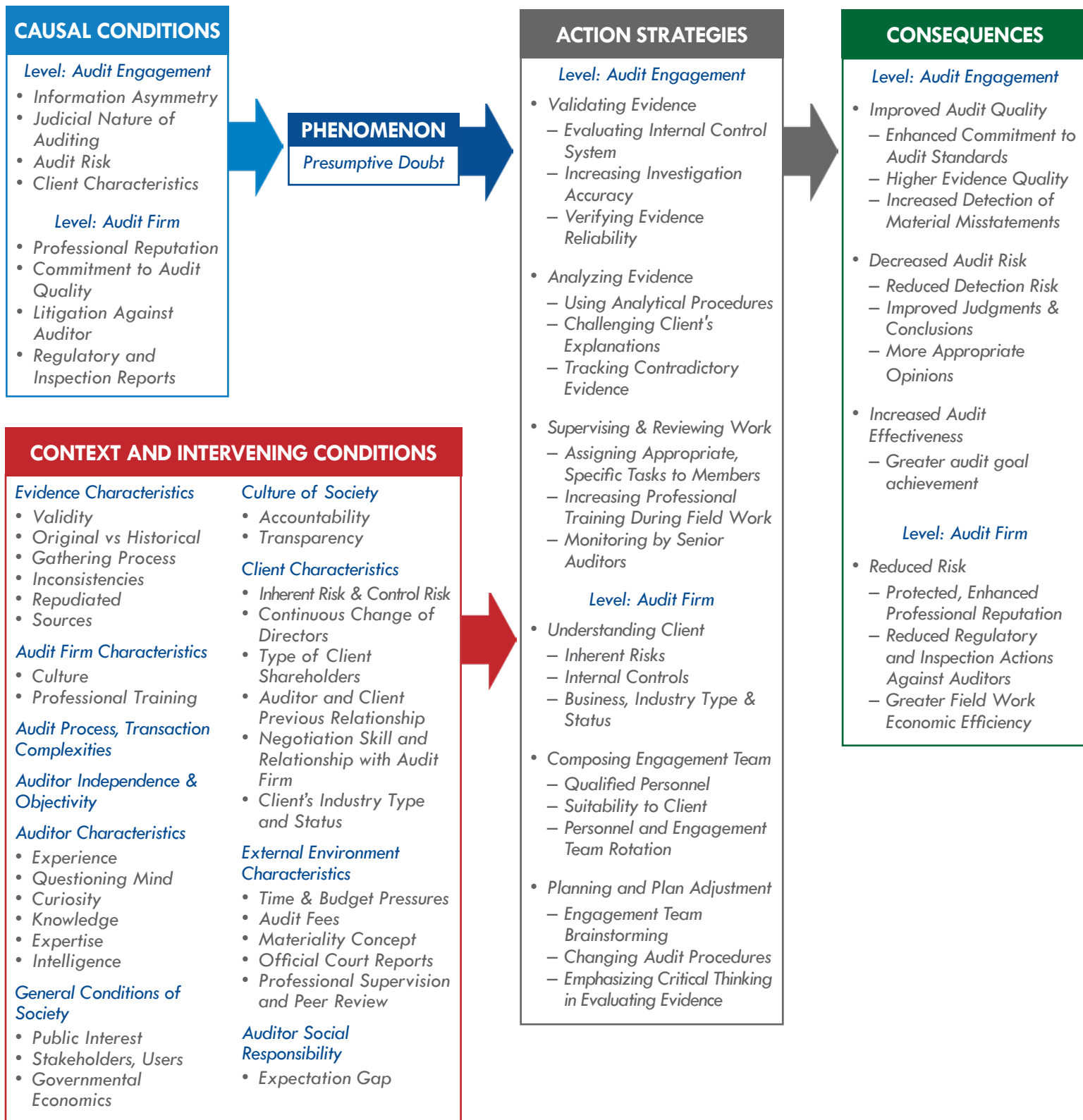


FIGURE 2: TAILORED PARADIGM MODEL FOR PROFESSIONAL SKEPTICISM



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*Mutual Experience
Benefits All*



COVID-19: PUTTING A GENDER LENS ON AUDITING

by Marie-Hélène Bérubé, Program Officer, Gender Equality and Ethics, Canadian Audit and Accountability Foundation, and Petra Schirnhöfer, Manager, Strategic Support Unit, INTOSAI Development Initiative

Impacts of the COVID-19 Pandemic affect everyone around the world. Due to long-standing inequalities, many impacts, including those on health, the economy and the social sphere, are afflicting women, girls and marginalized populations hardest. Early evidence shows the crisis is deepening existing inequalities and undermining hard-earned progress on gender equality and women's rights.

Supreme Audit Institutions (SAIs) can help reverse this trend. As SAIs hold governments accountable for national pandemic responses, applying a gender lens to audits can help determine how women, girls and marginalized populations are affected and can lead to informed recommendations to help improve government programs.

This article examines how SAIs can play a positive role during this crisis and make a difference to the lives of all citizens.

Why Gender Matters in Times of Crisis

During a pandemic, several health, economic and social impacts on citizens are observed, particularly on women, girls and marginalized populations, such as people with disabilities, racial minorities and the Lesbian, Gay, Bisexual, Transgender/Transsexual and Intersex community.

Since the COVID-19 Pandemic began, governments have observed escalated gender-based violence and child abuse during lockdown; intensified levels of anxiety and stress experienced by frontline workers (who are predominantly women); and increased unemployment levels (women are particularly at risk, as they hold the majority of informal and lower-paying positions that lack job security).

In many countries, impacts of the pandemic add to the context of poverty and insecurity and will further harm women and girls already experiencing different forms of inequalities and discrimination.

To counterbalance the risk of increased gender inequalities, social protection and support is vital. Research indicates that in times of crisis the likelihood of girls dropping out of school

to perform unpaid work to support families increases, as do pregnancies and cases of sexual abuse. Studies also show school and daycare closures will disproportionately impact women, as the burden of unpaid work and family care largely falls on women and girls in many societies.

Governments can effectively respond by conducting gender-based analyses, using gender budgeting tools and ensuring the voices of women, girls and marginalized groups are included in decision-making processes. Such actions, which help prevent reinforcing existing gender norms and stereotypes and worsening inequalities, can turn pandemic responses into opportunities that challenge and transform gender inequities.

How SAIs Can Make a Difference

As governments rush to implement large-scale responses to the crisis, SAIs, more than ever, are strongholds of accountability (see “[Accountability in a Time of Crisis](#)” published by the INTOSAI Development Initiative). Over the last few months, SAIs around the world have worked toward remaining resilient and flexible, and many have refined or refocused audit priorities and approaches under difficult circumstances (noting particular importance to employing a risk-based auditing approach). By integrating a gender dimension to audit work, SAIs can assist governments in ensuring national responses reflect the needs and voices of women, girls and marginalized groups.

Numerous SAIs have recently applied a gender lens in audits, especially in auditing preparedness for Sustainable Development Goal (SDG) implementation. Gender equality and inclusiveness is enshrined in the 2030 Agenda for Sustainable Development, which considers all segments of society irrespective of race, gender, ethnicity and identity.

As SAIs embark on auditing national COVID-19 Pandemic responses, it is equally important to mainstream gender equality and inclusiveness throughout the audit process. This enhances audit impact, helps determine whether citizens are being assisted equally, and assists SAIs in providing informed recommendations for improvement. Key considerations for SAIs include:

Planning and Analysis—Examining whether governments have conducted gender analyses in designing pandemic responses and whether they have investigated varying

impacts engagements may have on women, girls and marginalized groups.

Decision-making—Understanding how government decisions are made, who participates in decision-making processes, and what mechanisms are in place to ensure women, girls and marginalized groups are well represented.

Legal and Regulatory Compliance—Assessing the extent to which new government measures and programs adhere to human and women’s rights and comply with existing gender equality laws and regulations, which include many areas, such as domestic and gender-based violence, sexual harassment, labor standards and health care.

Monitoring and Evaluation—Determining if (and how well) governments are collecting disaggregated data on citizen accessibility to support programs and whether data is used to monitor different outcomes for different groups.

These key considerations allow SAIs to formulate questions when auditing national COVID-19 Pandemic responses, such as:

Social Protection and Economic Stimulus Packages

- Are cash transfers, other social protection measures and economic stimulus packages efficiently and effectively reaching target groups?
- Do governments provide financial support to marginalized groups working in sectors having no provisions for health insurance and social protection?
- How do governments support parents—mainly women and single parents—whose work is largely unpaid?

Health Systems and Programs

- As World Health Organization reports indicate men are more likely to die from the COVID-19 virus and women represent about 70% of global health care and social workers, how are governments responding to each gender’s unique needs?
- How are governments supporting other critical services, such as access to maternal and mental health care?

Gender-based Violence

- Recognizing raised levels of domestic and gender-based violence during lockdown, how do governments address

prevention as well as implementing and supporting risk management measures?

- Do governments provide services (help lines, shelters, mental health programs) that address all citizen needs?

Conducting audits that incorporate gender provides access to disaggregated data by sex, age, location and other categories. This information assists in addressing data gaps and prompting governments to gather more statistics to better inform future work.

SAI outreach to relevant stakeholders (such as governments, development partners, civil society organizations and groups working on gender, women's rights and inclusiveness issues) is essential to applying a gender lens in any audit. Active dialogue aids in understanding overall responses, assessing primary risks, and conducting audit work that adds the most value possible.

Conclusion

As the current pandemic holds a tight grip on the world with massive global social and economic impacts, accountability and oversight remain crucial.

SAs, through timely, relevant audits and reports, can significantly influence national pandemic responses. Yet, to truly make a change in the lives of all citizens, integrating a gender lens in audit work is vital and particularly important in times of crisis, as health, economic and social challenges are intensified.

The COVID-19 Pandemic is a challenging moment for all, calling for us to contribute when and where we can in building more equal and resilient societies for the future.

Contacts

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Additional Reading

Learn more about COVID-19 and the impacts on gender in the following UN Women (2020) publications:

- [Policy Brief: The Impact of Covid-19 on Women](#)
- [COVID-19: Emerging Gender Data and Why it Matters](#)

INTOSAI DEVELOPMENT INITIATIVE (IDI)

IDI supports SAs in developing countries in sustainably enhancing performance and capacities. In this work, IDI seeks to apply a gender lens and raise awareness on the importance of gender equality within the International Organization of Supreme Audit Institutions (INTOSAI) community and partners. A needs-based organization, IDI adapts delivery mechanisms, where necessary, to be more effective during crises and has already increased eLearning offerings and digital engagement opportunities. IDI has a dedicated gender function and reconfirmed its strong commitment to applying a gender lens in upcoming work.

IDI's planned pilot on auditing intimate partner violence against women, linked to SDG target 5.2, will incorporate data and lessons learned from the COVID-19 Pandemic. IDI also intends to perform a cooperative audit on health systems—linked to SDG target 3D, “Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks”—where gender and inclusiveness considerations will be mainstreamed and visualized as part of the audit's impact. Both audits will use IDI's SDG Audit Model (ISAM).

Cooperation and collaboration are key, and IDI calls upon all SAs and partners to work together to help advance hard-earned achievements on gender equality.

CANADIAN AUDIT & ACCOUNTABILITY FOUNDATION (CAAF)

CAAF is a not-for-profit organization dedicated to promoting and strengthening public sector performance audit, oversight and accountability in Canada and abroad through research, education and knowledge sharing.

Through its international program, which is funded by the Government of Canada, CAAF helps SAs build performance audit capacity with a focus on auditing gender equality and the SDGs. CAAF has developed several related resources, including the “[Practice Guide to Auditing the SDGs: Gender Equality](#)” and a course on “[Auditing Gender Equality](#).” CAAF is also beginning work on gender mainstreaming with the goal to foster gender equality and women's empowerment within the organization's offices.

Throughout this pandemic, CAAF has been adapting to new ways of working and exploring innovative ways to provide value to its members and partners, which includes a webinar series launched in April, repository of COVID-19 resources for auditors and oversight committees, and upcoming online training offerings. Learn more at www.ccaf-fcar.ca.



CAROSAI IMPLEMENTS SURVEY TO BETTER UNDERSTAND COVID-19 PANDEMIC IMPACTS

Introduction

The COVID-19 Pandemic is more than a health crisis; it impacts the political, social, economic, religious and financial structures of the entire world. Pandemic impacts have also prompted changes in audit practices.

The Caribbean Organization of Supreme Audit Institutions (CAROSAI) implemented a survey in May 2020 to explore COVID-19 Pandemic effects on member Supreme Audit Institutions (SAIs) within the region and expose strategies and recommendations to reduce pandemic effects, enable SAIs to continue producing high-quality audits, and help enhance stakeholder engagement.

Twenty-two of CAROSAI's 23 SAIs responded. Overall survey results revealed SAIs, much like the rest of world, have been affected in some way, and the pandemic has particularly underscored SAI concerns with Information Technology (IT), knowledge gaps and cyber threats.

Operational Impacts

As a large proportion of SAI staff are teleworking or working in shifts to maintain physical distance, some SAIs reported ceasing operations due to the lack of portable IT equipment and remote access to internal files and auditee documents.

Impact Response

All SAIs responding to the survey introduced measures to protect staff, including implementing guidelines promulgated by the Health Ministry; ensuring compliance with physical distancing measures; providing hand sanitizers and masks; and disseminating current health and safety information.

SAIs also indicated promoting telework, team management applications, and staggered working hours to meet mission requirements while addressing social distancing needs.

A few SAIs rapidly adopted new audit techniques to add value to the governance process. Two SAIs are undertaking

real-time audits of government COVID-19 relief packages, and six SAIs are auditing stimulus package issuance. Some SAIs noted implementing efforts to raise citizen awareness by disseminating information about the pandemic and its impact.

Lessons Learned

The majority of those responding identified technology as the unexplored game changer, citing a need to better understand different technologies to enhance SAI mandate delivery.

Respondents recognized the importance of technology on audit work as a means to improve efficiency, facilitate reviews with broad audit scopes, and support working remotely and acknowledged a need for robust continuity plans to remain relevant during crises and disasters.

One response suggested that, to be more effective in a pandemic, SAIs need a working knowledge on conducting remote audits (either through real-time or historic audit techniques).

Responses also emphasized staff training on the latest auditing techniques, which would enhance SAI capacity in performing high-quality audits, improving stakeholder engagement and achieving greater audit impact.

Conclusion

The COVID-19 Pandemic has forced SAIs to quickly adopt a new way of interacting with each other; reassess the physical workspace concept; consider how to best respond to changes occurring in the public sector; and re-examine how work is executed on a daily basis.

SAI operations during this new norm means increased use of IT and data analytics to facilitate working remotely and real-time auditing. Additionally, governments can assist SAIs by providing requisite resources that support capacity and institutional development.

PASAI WELCOMES NEW CHIEF EXECUTIVE



The Pacific Association of Supreme Audit Institutions (PASAI) Governing Board welcomes Esther Lameko-Poutoa, who began her new role as PASAI Secretariat Chief Executive on June 8, 2020. Esther is a Chartered Accountant who has worked in Samoa's public sector for 25 years, including positions at the Office of the Controller and Auditor General. She recently served nine years as Chief Executive Officer of the Samoa National Provident Fund.

She brings a wide range of experience to PASAI in auditing, financial management, governance, public policy, business

strategy and development and has been instrumental in implementing positive change while building performance and capacity of the entities she has served.

The Governing Board bids farewell and expresses great appreciation to outgoing Chief Executive, Tiofilusi Tiueti, for his commitment and dedication and recognizes the significant Secretariat achievements under his leadership. The Governing Board wishes Tio well on his future endeavors and hopes he will continue to use his vast skills to contribute to development in the Pacific region.

The PASAI Annual Congress has been postponed from August 2020—a new date will be confirmed later in the year.

CONTROLLER AND AUDITOR GENERAL OF SAMOA RECOGNIZED FOR ACHIEVEMENTS



Chartered Accountants Australia and New Zealand (CA ANZ) recognized 220 members for outstanding achievements in, and contributions to, the accounting profession and communities they serve.

Fuimaono Camillo Afele, Controller and Auditor General of Samoa's Audit Office and the PASAI representative to

the International Organization of Supreme Audit Institutions Governing Board, was among those honored—a fitting acknowledgment of his dedication as Samoa's Audit Office as well as his contributions to PASAI's vision of achieving increased regional transparency and accountability.

With over 20 years of audit experience, he sits on the PASAI Secretariat Governing Board and has served as a member of the Samoa Institute of Accountants Practice Review Committee, Association of the Auditors General of the Commonwealth Finance Advisory Committee, and International Association of Certified Fraud Examiners (ACFE). He also earned the ACFE Outstanding Achievement in Community Outreach Service Award in 2018.

Samoa's Audit Office was also recently awarded distinction as an Approved Training Employer (ATE) and is now able to provide work experience and training that fulfills practical experience requirements for entry as Chartered Accountants to CAANZ.



INTOSAI SUBCOMMITTEE ON INTERNAL CONTROL STANDARDS MEETS IN BUCHAREST

The International Organization of Supreme Audit Institutions (INTOSAI) Subcommittee on Internal Control Standards met March 3-4, 2020, in Bucharest, Romania—just before the COVID-19 Pandemic affected participation in international events. Nearly 30 delegates representing Supreme Audit Institutions (SAIs) from all parts of the world participated in the two-day event. Stakeholders in attendance included the Professional Standards Committee (PSC) Secretariat, Forum for INTOSAI Professional Pronouncements (FIPP), Institute of Internal Auditors, and Chartered Institute of Public Finance and Accountancy. INTOSAI's Performance Audit Subcommittee, a key contributor to projects and performance audit perspectives, also participated.

Event discussions revolved around the FIPP/PSC relationship, ongoing projects, and the subcommittee's role in the reformed INTOSAI standard-setting process.

Participants engaged in robust discussions on progress made in understanding, consolidating and improving guidance on internal controls in an audit. The project, tentatively titled, "Guidance on Auditing Internal Control," aims to support auditing internal control systems by providing principles based on a common understanding and examining internal control systems in relation to risks. The project goal is to address the subcommittee's focus on what is audited (as expressed

in government guidance and standards) while contributing to public interest. The project also intends to incorporate information technology tools to provide tailored support to meet current auditor needs.

Delegates also discussed "Guidance on Reliance on the Work of Internal Auditors," currently in the initial draft stage. The document comprises a dual SAI/internal audit perspective: the one-way relationship (use of internal audit reports, findings and analyses in audit work) and two-way relationship (coordination of external and internal audit work). Event deliberations and follow-on dialogue with the project's FIPP liaison resulted in several decisions aimed at avoiding duplication, considering FIPP practices, and ensuring project contributions are similarly focused. Further work, scheduled and approved at the meeting, will require flexibility due to COVID-19 Pandemic impacts.

A primary meeting outcome was defining the subcommittee's role following INTOSAI standard-setting process reform, as the subcommittee would like to focus on horizontal issues extending beyond internal control, such as reviewing how standards and guidance are implemented by various governments.

The subcommittee seeks a host for the next meeting, which has initially been scheduled for May-June 2021 (depending on the global situation).



SAI
YOUNG
LEADERS



LEADING IN A CRISIS: SAI YOUNG LEADERS SHARE COVID-19 EXPERIENCES



"The true test of leadership is how well you function in a crisis."—Brian Tracy, motivational speaker.

Leadership is a key driver of change, growth and performance for Supreme Audit Institutions (SAIs). In 2015, the INTOSAI Development Initiative (IDI) launched the SAI Young Leaders (SYL) program to nurture young leaders and enable individual growth and contributions to SAI development. The second SYL cohort came together in 2018, and 21 young leaders representing all INTOSAI regions have remained on this IDI SYL journey.

The United Nations Development Program considers the COVID-19 Pandemic the "defining global health crisis of our time and the greatest challenge we have faced since World War II." SAIs, in light of the new normal—of remote working

and more flexible working policies—will rely heavily on the adaptive capacity of leadership in managing this crisis.

To better understand pandemic impacts on leadership, IDI SAI Young Leaders share personal views and experiences on leadership styles, effectively engaging teams and qualities considered necessary to navigate the global health crisis.

Though geographically dispersed, common themes emerged, including the use of similar leadership styles during the crisis—focusing on empathy toward team members in an effort to create safer, more trusting working environments, and recognizing clear, frequent communication and flexibility remain critical components in demonstrating commitment. SAI Young Leaders believe true leadership means endeavoring to be better in all areas of life, professionally and personally, and aim to empower those surrounding them.

"This has been emotionally challenging for me; however, the experience has taught me to minimize the pressure I place on myself and face each day's challenges as they arise."

Malebogo Sanah Mogapi, SAI Botswana



How has the new normal impacted leadership styles in organizations, including SAIs?

The pandemic has significantly impacted SAI Botswana operations. Management postponed implementing the operational plan due to the lock down from April to mid-May 2020, and to reduce the number of people in offices, the organization has

implemented flexibilities, such as telework, shift work and reduced hours. Due to in-person meeting restrictions, managers have been more receptive to virtual events. Empathy has increased, and some deadlines have been relaxed as the organization learns how to deal with the new normal.

How have the changes impacted your ability to effectively lead and engage your teams in this crisis?

The whole experience has been challenging, and with several

officers working in shifts, it has been difficult to coordinate project and audit team efforts. There is much anxiety among officers, prompting empathy and motivation. Effectively planning and performing duties has been hard due to frequent lock downs, so we do what we can with the time we have. There are a lot of uncertainties surrounding the pandemic. As such, this has been emotionally challenging for me; however, the experience has taught me to minimize the pressure I place on myself and face each day's challenges as they arise.

What qualities do you think a leader will need to get through this global health crisis?

To be a good leader in this crisis, adaptability and having an open mind are key—listening and learning from the people around you and having a willingness to try new things. Empathy is also essential—assisting others with transitioning to the new normal and checking in with team members as much as possible. Integrity remains paramount, especially as we find ourselves working with a higher degree of independence during the crisis.

"A good leader—a strong leader—builds a positive workplace atmosphere that is optimistic and motivational."

Sue Su, SAI China



How has the new normal impacted leadership styles in organizations, including SAIs?

Communication remains the most obvious impact, becoming more electronic and indirect. Before the pandemic, work was often sparked by an office visit. Now, it happens by an email message awaiting team member responses, and this lag

has altered team operational rhythm. This new normal calls for a "think ahead" leadership style—prompting leaders to have predetermined, thoughtful plans prior to assigning work. As colleagues located in other provinces and cities (outside of SAI China headquarters in Beijing) are unable to physically return, several audit work plans containing detailed guidance, methodologies and toolkits were provided in advance.

How have the changes impacted your ability to effectively lead and engage your teams in this crisis?

Though already a rational and calm leader, the crisis has made me realize how important it is to be caring, understanding and

supportive. Emotional bonding is the foundation of a strong team, and the COVID-19 Pandemic has showed me it is okay, as a leader, to provide emotional support to team members. By sharing experiences and stories occurring during the crisis, my team members and I have gained a better understanding of one another. It also feels better to be a leader who truly cares about the people behind the work.

What qualities do you think a leader will need to get through this global health crisis?

There is a popular old saying in China, "Hope for the best and prepare for the worst." Hope is treasured during a crisis, and a good leader—a strong leader—builds a positive workplace atmosphere that is optimistic and motivational. The COVID-19 Pandemic is an unprecedented, high-risk, global challenge. As such, leaders should aim to reduce panic and uncertainty by sharing knowledge and taking appropriate measures to deal with issues as they arise.

It is a hard time for everyone in the world right now. There are pains and sadness in the hearts of so many people. We need to be united and compassionate and take the time to help each other—to become one world, one family.

"Embracing new circumstances, such as those we are experiencing during the COVID-19 Pandemic, will help us better understand unexpected situations, as well as the actions and reactions of those with whom we work."

Erick Alvarado Muñoz, SAI Costa Rica



How has the new normal impacted leadership styles in organizations, including SAIs?

We need to understand that leadership styles can affect work-life quality and can be used as a powerful tool to navigate in this new era in which change and volatility continue to accelerate and intensify. The role of leadership today is more important and more difficult, as the new normal is not yet defined, and leadership styles must adapt to new circumstances and needs.

How have the changes impacted your ability to effectively lead and engage your teams in this crisis?

Leadership, the level of teamwork and project performance are highly correlated—it's all about relationships, conversations and interactions with people. This era of constant change makes it

more difficult to communicate ideas properly due to the lack of non-verbal communication, an important aspect offering context to tasks and activities. For example, in a meeting held physically in the office, I can see teammate gestures and reactions, which the virtual environment cannot fully provide. This requires us to be more verbally assertive and clear.

What qualities do you think a leader will need to get through this global health crisis?

Resiliency, adaptability and flexibility are the most important leadership qualities. Embracing new circumstances, such as those we are experiencing during the COVID-19 Pandemic, will help us better understand unexpected situations, as well as the actions and reactions of those with whom we work.

Leaders must seek to strengthen and apply emotional intelligence, empathy and social management skills. Additionally, enhancing communication proficiencies can help leaders clarify messaging and influence others.

"Effective leadership is essential in critical moments, especially in a prolonged crisis, such as the COVID-19 Pandemic. Strong leadership skills are key, as fragmented leadership leads to fragmented organizations."

Abdourahman Badjie, SAI Gambia



How has the new normal impacted leadership styles in organizations, including SAIs?

The COVID-19 Pandemic helped us adjust communication styles—realizing frequent communication can improve understanding. The crisis has also strengthened team bonds and has illustrated the importance of caring for team welfare.

How have the changes impacted your ability to effectively lead and engage your teams in this crisis?

My team needs me now more than ever! Staying strong is keeping them strong. I try to lead by example and delegate to empower

others. Empowerment provides energy to take action and divert attention from negative pandemic impacts.

During the crisis, I remind my team to follow the health and safety guidelines as well as the work at hand. Worrying too much about the COVID-19 Pandemic is exhausting, and there is little we can do about it. Team unity is vital to facilitate focusing on what truly matters—personally and professionally.

What qualities do you think a leader will need to get through this global health crisis?

Effective leadership is essential in critical moments, especially in a prolonged crisis, such as the COVID-19 Pandemic. Strong leadership skills are key, as fragmented leadership leads to fragmented organizations. It is important to note that a crisis is temporary.

"More than ever, leaders are required to demonstrate and engender greater empathy, support and encouragement to motivate staff and allow us to grow through the adversity together."

Kelisha Salmon, SAI Jamaica



How has the new normal impacted leadership styles in organizations, including SAIs?

The COVID-19 Pandemic has undoubtedly contributed to changes. SAI Jamaica now benefits from a blended work model that offers employees the flexibility of working in the office and from home. At the onset of the outbreak in Jamaica, management

adopted a people-focused approach demonstrating compassion while ensuring continued productivity amidst the new challenges, including prioritizing employee safety, frequently communicating, and implementing prevention measures to combat the spread of the virus.

How have the changes impacted your ability to effectively lead and engage your teams in this crisis?

Limited IT systems and infrastructure created great challenges

in meeting milestones; however, it also prompted connecting and engaging in new ways. Given remote work realities, I learned to manage my expectations and increase deadline flexibilities to reduce unnecessary stress that would further disrupt work-life balance. By setting new priorities and delegating more, focus was placed on activities that created short-term wins for the team—helping to build trust and enhance reliance on each other.

What qualities do you think a leader will need to get through this global health crisis?

The COVID-19 Pandemic is an unprecedented crisis producing a great deal of uncertainty, fear and anxiety. More than ever, leaders are required to demonstrate and engender greater empathy, support and encouragement to motivate staff and allow us to grow through the adversity together. Creativity in identifying and taking advantage of emerging opportunities that minimize economic loss and mitigate arising challenges is imperative. Social distancing and workplace flexibilities call for leaders to build greater trust with all stakeholders while assuring work-life balance for employees.

"Circumstances call for revisions to plans and finding creative ways to coach, work and collaborate remotely. As a team, we have found ways to overcome every problem and improve at every opportunity."

Nicaria O. Stewart, SAI Jamaica



How has the new normal impacted leadership styles in organizations, including SAIs?

This unprecedented and extraordinary time requires adapting to a more flexible leadership style. It forces us to improve and better manage relationships with our dispersed colleagues and clients. It also means being more thoughtful in shifting

critical operational priorities while recognizing the increased expectations from all stakeholders. As team members experience anxiety, uncertainty and fear during the pandemic, leaders should aim to be more empathetic and inspiring—creating a communication balance to build positive interactions that allow team members to feel connected while working remotely.

How have the changes impacted your ability to effectively lead and engage your teams in this crisis?

The major change is leading teams through remote work while balancing family life—and doing so in a meaningful way. While

seeking work-life balance, communication delays can sometimes occur, particularly when ad hoc breaks in infrastructural support and family demands are prevalent. However, recognizing many team members are concerned about individual circumstances prompts empathy and emotional support through more frequent engagement. Current circumstances call for revising plans and finding creative ways to coach, work and collaborate remotely. As a team, we have found ways to overcome every problem and improve at every opportunity.

What qualities do you think a leader will need to get through this global health crisis?

Leaders will need to continue building winning teams regardless of physical work space. This will require leaders to strengthen emotional intelligence, becoming more empathetic and inspiring. Leaders should be honest, composed and rational, responding to team member needs in the moment. Effective leadership also requires flexibility, adapting leadership styles to the needs of the team or situation. Leaders who are able to foster open communication will create stronger bonds and improve relationships with team members, which will lead to greater success.

"I communicate frequently, deliver clear messages, establish priorities, and make decisions with conviction. As a team, we feel empowered as owners of our objectives with an aim to succeed."

Qendresa Mulaj, SAI Kosovo



How has the new normal impacted leadership styles in organizations, including SAIs?

We are suddenly facing a global crisis that threatens the most vulnerable as well as our loved ones, and new circumstances have directly impacted us professionally and personally. Organizations, including SAIs, must adapt to the new normal and find alternate ways to operate. It is very important for leaders to have a strong focus on people and relationships while addressing processes, tasks and results to meet objectives and timelines.

Developing transformational leadership within our SAI helped us balance employee care and motivation to overcome difficulties and succeed in work responsibilities.

How have the changes impacted your ability to effectively lead and engage your teams in this crisis?

Keeping the team focused and engaged, which can impact achieving planned results, has been very difficult while operating during the pandemic.

The situation is still very unpredictable, so I communicate frequently, deliver clear messages, establish priorities, and make decisions with conviction. As a team, we feel empowered as owners of our objectives with an aim to succeed.

What qualities do you think a leader will need to get through this global health crisis?

- Communication;
- Confidence;
- Compassion; and
- Collaboration.

"Getting through this global health crisis requires us to be more understanding and sympathetic to the needs of others as we now care for personal and professional needs simultaneously."

Mohd Nazim Mat Siam, SAI Malaysia



How has the new normal impacted leadership styles in organizations, including SAIs?

During the new normal, a participative-democratic leadership approach may be more beneficial in conducting audit work, considering staff may face a wide range of situations in performing audit work.

Conventional methods, such as physically examining documents, are unlikely to be effective during the COVID-19 Pandemic since work is mainly performed from home.

Leaders will need to exercise more flexibility—coordinating meetings across varying timeframes, postponing physical visits and moving to virtual communications.

How have the changes impacted your ability to effectively lead and engage your teams in this crisis?

The lack of physical touch and monitoring impacts audit work effectiveness, particularly due to transition time necessary for teams to adapt to the new normal and adjust to new routines. Work has blended with daily life activities, and this has prompted the need for alternate work methods and hours.

What qualities do you think a leader will need to get through this global health crisis?

Getting through this global health crisis requires us to be more understanding and sympathetic to others as we find ourselves caring for personal and professional needs simultaneously.

Adaptability is essential—having the capability to quickly adjust to the new circumstances, including the increased use of virtual communication, electronically accepting reports and working papers, and exercising flexibility in work schedules.

"The pandemic has brought uncertainty for the future, and leaders can help alleviate doubt and anxiety by displaying a positive attitude, clearly communicating, and leading by example in embracing change."

Huda Said Al Wahaibi, SAI Oman



How has the new normal impacted leadership styles in organizations, including SAIs?

The COVID-19 Pandemic has impacted everyone—individuals and organizations. The new global circumstances have forced changes in leadership styles, evolving to better cope with impacts to team members and work requirements. Organizations,

including SAIs, have more fully embraced electronic communication and remote work, which has been challenging for those lacking the appropriate infrastructure and resources.

How have the changes impacted your ability to effectively lead and engage your teams in this crisis?

In Oman, the crisis began in mid-February 2020, and we began

working from home in mid-March 2020. Audit plans were finalized, and the scope of work was distributed among team members. Virtual meetings replaced face-to-face contact. Audit work and processes, based on previously established deadlines, focused more on achieving tasks and targets.

The COVID-19 Pandemic has provided valuable learning lessons in leadership, as we adapt to new requirements professionally and personally.

What qualities do you think a leader will need to get through this global health crisis?

The global health crisis requires new qualities to be adopted by leaders, one of which is the willingness to change. The pandemic has brought uncertainty for the future, and leaders can help alleviate doubt and anxiety by displaying a positive attitude, clearly communicating, and leading by example in embracing change.

"Efforts to prioritize decentralized management and engagement invokes a shift—urging flexibility and advanced virtual leadership skills."

Raymond Veratau, SAI Papua New Guinea



How has the new normal impacted leadership styles in organizations, including SAIs?

The new normal restrains the quality of communication, commitment, delegation, empowerment and, most importantly, vision and purpose. The general crisis response is pushing organizations and SAIs more toward e-business as a means to survive

while managing mandated functions. Leaders are harnessing opportunities for creative outreach despite increased complexity and disorientation, and efforts to prioritize this decentralized management and engagement invokes a shift—urging flexibility and advanced virtual leadership skills.

How have the changes impacted your ability to effectively lead and engage your teams in this crisis?

Managing operational risk in a crisis situation is challenging, as it is difficult to balance discharging mandated responsibilities while also adhering to statutory directives and empathizing with

stakeholders disadvantaged by the pandemic. These changes limit leadership—curbing the level and regularity of communication, which creates room for panic, confusion and indecisive decision-making.

What qualities do you think a leader will need to get through this global health crisis?

The new normal provides leaders opportunities to redefine purpose and meaning and rebuild personal governance. In crisis management, good intuition and decision-making from a moral perspective, while managing distress, are vital, particularly in building meaningful relationships.

Commitment and passion reaffirm convictions, and strong leaders can instill creativity and innovation when disseminating strategies and achieving goals.

As the new normal restricts personal contact, leaders will need more creative approaches that capitalize on technology. Regular, clear, comprehensive and expedient communication is important, and empowering others and effectively delegating can enhance leadership, especially in a crisis situation.

"Great leaders know how to adapt to different situations, understand how to approach problems from different perspectives, and are willing to seek advice from others."

Mounira Snoussi, SAI Tunisia



How has the new normal impacted leadership styles in organizations, including SAIs?

The COVID-19 Pandemic has brutally impacted organizations—financially and operationally. Organizations, including SAIs, have had to implement preventative procedures to protect staff, and there is now a greater reliance on document

control. Leaders have been forced to make decisions on new work methods and workplace flexibilities. The pandemic also prompted SAIs to update activities and add crisis-related audits. These decisions, though difficult, reinforce SAI positions as useful, active and effective institutions serving citizens. SAIs have a pioneering opportunity—to implement creative initiatives that strengthen stakeholder relationships.

How have the changes impacted your ability to effectively lead and engage your teams in this crisis?

Adopting remote work practices can cause concerns in maintaining

team engagements and suitable situational leadership. Leaders can support teams by ensuring necessary hardware and software availability to effectively perform work. Empathy is also very important in ensuring team involvement and trust. Discussing annual programs in detail and encouraging participation in events to strengthen skills and capacity building are essential.

What qualities do you think a leader will need to get through this global health crisis?

It is crucial for leaders to communicate clearly, concisely and timely and apply empathy to inspire others and foster teamwork. Strong relationship management skills remain critical, as is knowing how to motivate people while maintaining self-control. Leaders, charged with managing others, must ensure the team remains united. Intellectual flexibility is key, as it allows leaders to avoid stress, panic and overwork, leading to more rational, certain decisions in an uncertain environment. We all love when things go exactly as planned. Great leaders know how to adapt to different situations, understand how to approach problems from different perspectives, and are willing to seek advice from others. A leader who is a creative thinker embraces challenges and engages all stakeholders.

"Good decision-making is more crucial than ever, calling for leaders to think critically, consult with experts, and plan extensively before taking action."

Emine Ersöz, SAI Turkey



How has the new normal impacted leadership styles in organizations, including SAIs?

Even though the new normal has not yet been defined for societies, economies or organizations, there is a feeling that we will not return to the old normal in the short term, making it essential to find innovative and effective ways to ensure business

continuity. As SAIs play an important role in holding governments accountable, audit work and stakeholder engagement remain vital. Effective planning—such as adapting audit strategies, plans and programs and using IT tools to facilitate remote auditing—will help SAIs achieve goals during the COVID-19 Pandemic.

How have the changes impacted your ability to effectively lead and engage your teams in this crisis?

Since the onset of the pandemic, organizational communication has been a major challenge, as virtual meetings have replaced

face to face interaction. Difficulties have also arisen in leading and engaging team members, particularly in defining and communicating work requirements and adjusting deadlines. This makes organization, flexibility and commitment key competencies of leaders. During the COVID-19 Pandemic, prioritizing team objectives and empowering team members have allowed me to keep work on track. To ensure team connectivity, I communicate as much as possible using all available platforms and emphasize flexibility to help ensure all assignments are both timely and high-quality.

What qualities do you think a leader will need to get through this global health crisis?

Leaders worldwide are experiencing the dilemma of keeping citizens and employees safe while maintaining economic and operational stability. Transparent communication with stakeholders is key in building and maintaining trust, which helps prevent panic and disorientation. Good decision-making is more crucial than ever, calling for leaders to think critically, consult with experts, and plan extensively before taking action.

INTOSAI PFAC COVID-19 INITIATIVE

www.intosaicovid19.org

INTOSAI PFAC COVID-19 INITIATIVE WEBSITE NOW ONLINE

The International Organization of Supreme Audit Institutions (INTOSAI) Policy, Finance, and Administration Committee (PFAC) COVID-19 Initiative (Initiative) recently launched a website to help INTOSAI and Supreme Audit Institutions (SAIs) continue serving citizens and governments in this new, challenging environment.

As a response to the global effects of the pandemic, U.S. Comptroller General Gene L. Dodaro, PFAC Vice Chair and head of the Government Accountability Office, in cooperation with Dr. Hussam Alangari, PFAC Chair and President of the General Auditing Bureau of the Kingdom of Saudi Arabia, announced the PFAC COVID-19 Initiative on April 13, 2020.

The Initiative helps INTOSAI and SAIs maintain continuity of operations and offers practical and audit-related information. The Initiative will also produce a high-level lessons learned document on preventing or minimizing similar situations in the future.

The Initiative's website, which has logged more than 1,700 visitors since its launch, features useful information on operating effectively during the pandemic, as well as resources on remote

work, using technology for virtual meetings, real-time auditing methods, and staff training. Visitors can also access relevant audit findings on a wide variety of topics, including pandemic prevention, preparedness and response; past audits related to disease outbreaks, such as Ebola; and COVID-19 audit plans and reports from various SAIs. Since launching in mid-May, website visits continue to increase, with users representing auditors across the globe.

The PFAC-led initiative will shortly transition to a longer-term effort under the Supervisory Committee on Emerging Issues (SCEI) led by the Accounts Chamber of the Russian Federation, and GAO's role as SCEI Vice Chair will help ensure a smooth transition.

The website is the product of a collective effort of PFAC members, other SAIs and INTOSAI partner organizations, and the Initiative welcomes ideas for information that would be helpful across the INTOSAI community. Contributions may be submitted to intosaicovid19@gao.gov.

Visit the website: www.intosaicovid19.org.



INTOSAI SCEI ESTABLISHES EXPERT GROUP, HOSTS INAUGURAL WEBINAR

The International Organization of Supreme Audit Institutions (INTOSAI) Supervisory Committee on Emerging Issues (SCEI) established an Expert Group on the Strategic Role of Supreme Audit Institutions (SAIs) in Addressing Challenges Posed by the COVID-19 Pandemic as a long-term response to the crisis and continuation of the INTOSAI PFAC COVID-19 Initiative.

The Expert Group's main objectives include building INTOSAI strategic resilience; enhancing SAI impact and added value; and launching a long-term cooperation in auditing healthcare.

"The Expert Group is a focal point for anti-COVID practices, technologies and response methods for the entire auditing community...no one should be left behind," emphasized Aleksei Kudrin, Chairman of the Accounts Chamber of the Russian Federation and INTOSAI and SCEI Chair, in a [video message](#) delivered in June 2020.

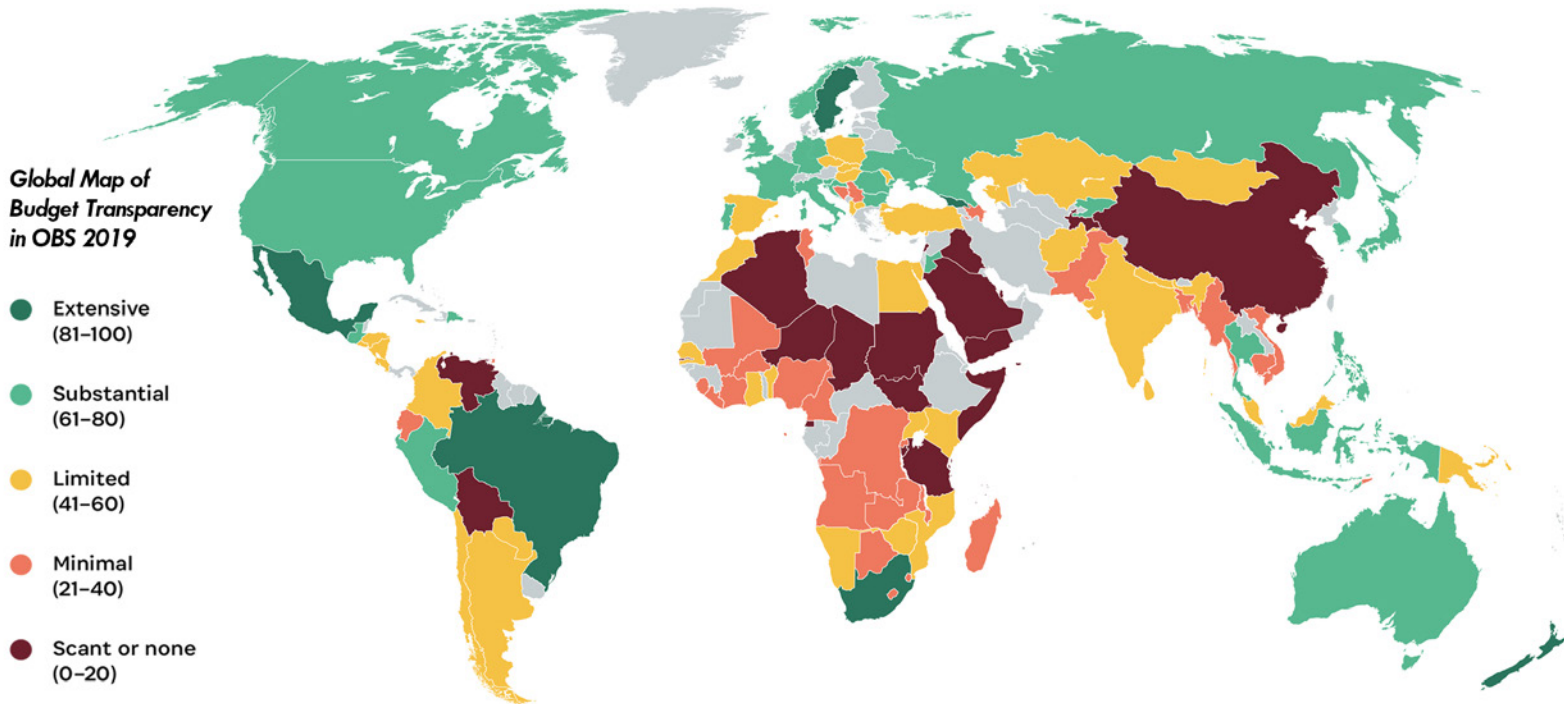
Kudrin acknowledged the importance of sharing information among SAIs and harnessing experiences from the global accountability community to develop agile approaches to address similar challenges in the future. This focus prompted the Expert Group's first webinar held on June 22, 2020. The event, which highlighted "SAI Priorities in the COVID-19

Pandemic: Audit Themes, Methods and Techniques," included more than 200 delegates spanning the INTOSAI community—General Secretariat, Goal Chairs, Regions and SAIs—and featured discussions on several timely, relevant topics, such as:

- Pandemic response oversight;
- Public procurement and corruption risks;
- Challenges faced at the peak of the coronavirus outbreak;
- Foresight on audit work implications;
- Adjustments to audit activities; and
- Insight into how SAI roles will evolve in promoting good governance.

"In this demanding time, INTOSAI must support members as effectively as possible, and I am convinced the Expert Group will successfully support SAIs in addressing challenges caused by the COVID-19 Pandemic."—Dr. Margit Kraker, INTOSAI Secretary General and President of the Austrian Court of Audit.

Access the Expert Group webinar summary report [here](#).



CHALLENGES IN TRANSPARENCY, OVERSIGHT AS GOVERNMENTS RESPOND TO PANDEMIC

by Claire Schouten, Senior Program Officer, International Budget Partnership, cschouten@internationalbudget.org

Amid a global pandemic that is forcing governments around the world to launch new spending measures, the [International Budget Partnership's](#) (IBP) latest [Open Budget Survey](#) (OBS) shows why there is reason for concern: four out of five of the 117 governments assessed failed to reach the minimum threshold for adequate budget transparency and oversight under international standards.

Too often, governments fail to publish key budget documents that would clearly explain budget policies, decisions and outcomes, according to the new report. Worldwide, one-third of these important budget documents are not made available to the public. Among the notable missing items: 33% of the countries surveyed do not publish an annual Audit Report online in a timely manner.

Ongoing research by IBP and other organizations demonstrates an open budget process—one that is transparent, inclusive and accountable—offers a promising pathway for countries to thrive socially and economically.

While the 2019 OBS was completed just before the pandemic hit, it provides a telling snapshot of current government practices related to budget disclosure, opportunities for public engagement and effective checks and balances. Components and results of the survey include:

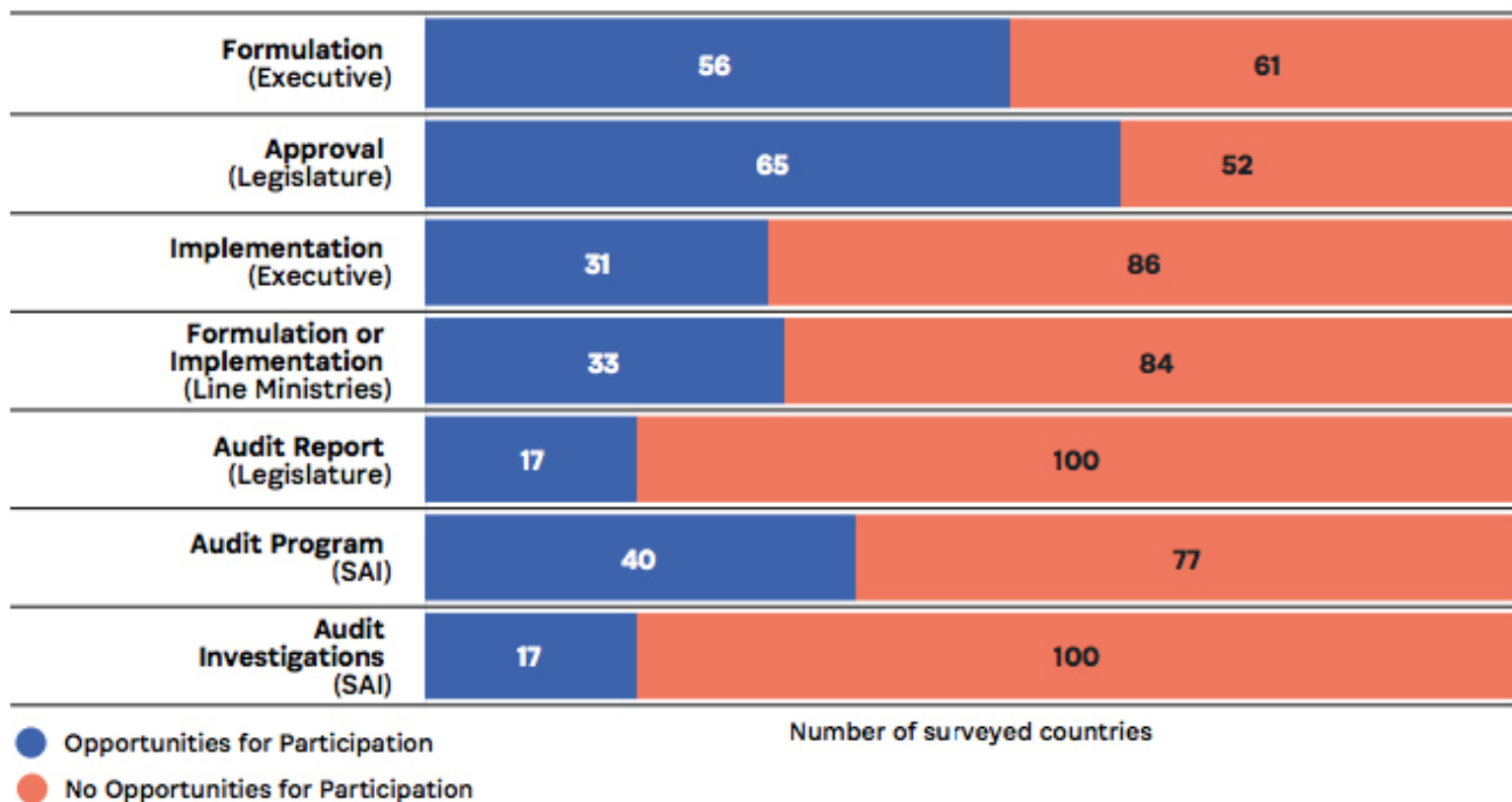
- **Budget transparency** is assessed by public availability and contents of key budget documents all governments are expected to publish per international standards—specifically examining whether these key documents are comprehensive and published online in a timely manner.

The global average transparency score was 45 out of 100, short of the 61 considered the minimum threshold to foster an informed public debate.

Thirty-one governments scored 61 or higher, showing the goal is reachable by a range of government types. For example, Guatemala, Indonesia, the Kyrgyz Republic and Ukraine all reached or surpassed a score of 61 within the last two OBS rounds.

Examples of strong budget transparency are found in six of the seven regions of the world.

FIGURE 1: OPPORTUNITIES FOR PARTICIPATION



- **Public participation**, assessed based on formal opportunities for civic organizations and individuals to engage and provide input throughout the budget process, had a dismal average global score: 14 out of 100. The OBS looks for seven different types of participation mechanisms in three government bodies, namely the executive, legislative and Supreme Audit Institution (SAI). Examples include public consultations, pre-budget submissions, participatory budgeting, advisory councils and social audits.

Four out of five countries have at least one mechanism for engaging the public at some point during the budget process; however, 24 countries have no opportunities at all. Eleven nations in OBS 2019 have five or more different public engagement mechanisms. Only three—New Zealand, South Korea, and United Kingdom—have opportunities for public engagement in each of the seven types of mechanisms.

In the audit process, public participation opportunities are most common during the audit program planning phase. SAs in 40 countries have some mechanism for public input to the audit plan, but only 21 SAs provide feedback on

how this input was used. Levels of public engagement with the auditor in this survey round were largely the same as in the previous one completed in 2017, which showed public participation with the auditor is strong in Latin America, especially in shaping the audit plan (15 of the 18 countries assessed in the region have a mechanism to seek public input).

OBS 2019 finds public engagement is especially lacking during the budget implementation and oversight phases. More governments engage with the public when formulating or approving the budget (see Figure 1).

- **Oversight** is measured based on roles played by legislatures and SAs in the budget process, with 61 out of 100 considered an adequate score. Of the 117 countries surveyed, 34 have adequate oversight from legislature, 71 from the SAI and only 30 from both institutions.

Key follow-up from the legislature or executive is often lacking (see Figure 2). Most countries with a publicly available Audit Report have a legislative committee review the report and half have a SAI representative frequently testify on audit findings to the legislature. On the other

FIGURE 2: FOLLOW-UP ACTIONS ON AUDIT REPORTS

Follow-up actions on Audit Reports	Specific actions	Share of countries that follow-up on audit findings	
		with a publicly available Audit Report (78 countries)	without a publicly available Audit Report (39 countries)
Oversight by the Legislature	The legislature reviews and discusses the audit report	82%	31%
	SAI representatives testify frequently (more than five times) to the legislature about audit findings	49%	13%
	Public hearings held by the legislature on audit reports	22%	0%
Executive Response	A report tracking actions on audit findings published by the executive	29%	5%*
Independent Follow-Up	A report tracking actions on audit findings published by the SAI or legislature	54%	3%*

*Follow-up reports tracking actions on audit findings when the Audit Report itself is not publicly available are – as expected – rare. However, the OBS finds a few examples of this in Myanmar, Angola, and El Salvador, where the audit report is produced but not published by the SAI, and another branch of government, such as the legislature or executive, issues their own report in response to the audit findings.

hand, less than one-third of the governments' executives publish a report responding to the audit findings. Only 17 countries with a publicly available Audit Report also have public hearings of the legislature on the audit findings.

Nearly all countries are missing at least one follow-up action, and only six have all five legislative and executive follow-up actions: Australia, Canada, Georgia, New Zealand, Norway, and Peru.

Open budget systems alone cannot solve the pandemic, but they can strengthen the bonds between people and government and improve public service delivery. It will take a concerted effort across all stakeholders to ensure governments provide sufficient levels of public fund transparency and accountability to contribute toward the Sustainable Development Goals and the Paris Climate Agreement, let alone ensure countries have the oversight systems to tackle the next crisis. For this reason, IBP launched a [call to action](#) to galvanize civic actors, businesses, donors and governments to work together to accelerate progress on open budgets.

The INTOSAI Development Initiative (IDI) has joined IBP and organizations from more than 100 countries on this

call to action. Together with SAIs, civil society organizations and international bodies, such as the German Development Cooperation and United Nations Department of Economic and Social Affairs, we are collaborating to further strengthen audit accountability and impact by enhancing [SAI-civil society cooperation and citizen engagement](#).

IDI and IBP will release a report later this year that delves more deeply into the OBS findings and on the value of audit and oversight in the accountability ecosystem and development agenda. We look forward to engaging further with the public audit community to ensure informed, inclusive and accountable public financial management and benefits for all.

The Open Budget Survey is part of the [International Budget Partnership's](#) Open Budget Initiative, a global research and advocacy program to promote public access to budget information and the adoption of inclusive and accountable budget systems.



ARTIFICIAL INTELLIGENCE CREATES NEW OPPORTUNITIES TO COMBAT FRAUD

by Taka Ariga, U.S. Government Accountability Office (GAO) Chief Data Scientist and Director, GAO Innovation Lab; Johana Ayers, Managing Director, GAO Forensic Audits and Investigative Service (FAIS); Toni Gillich, GAO FAIS Assistant Director; Nick Weeks, GAO FAIS Senior Analyst; Scott Hiromoto, GAO Applied Research and Methods Senior Data Analyst; and Martin Skorczynski, Senior Data Scientist, GAO Innovation Lab

Combating fraudsters has long been a persistent challenge for governmental entities. While there are no precise figures, fraudulent activities drain billions of taxpayer dollars each year from vital programs. In today's digitally-connected, information-driven world, the traditional approach to fraud detection work based on retrospective reviews by auditors is becoming increasingly ineffective. This "pay then chase"

framework is resource-intensive, difficult to scale and fails to recapture a significant amount of known and suspected fraudulent transactions.

Fortunately, the proliferation of data alongside advances in computational capacities have ushered in the golden age for Artificial Intelligence (AI), where algorithms and models can reveal anomalous patterns, behaviors and relationships—with speed, at scale and in depth—that was not possible even a decade ago.

From Global Positioning System navigation to facial recognition, AI has fundamentally transformed every facet of our lives. Public sector organizations are similarly taking advantage of powerful algorithms to more prospectively detect and address red flags before they manifest into significant issues.

Importantly, AI does not replace professional judgments of experienced auditors in detecting potentially fraudulent activities. While AI can sift through large volumes of data with tremendous accuracy, human intelligence is still an essential element for determining context-specific, proportionate and nuanced actions stemming from algorithmic outputs. This symbiotic relationship means AI will assist Supreme Audit Institution (SAI) work and will change how that work is carried out—requiring different skills to harness AI's capacity to drive effectiveness and efficiencies.

TABLE 1: AI CAPABILITIES AND ONGOING GAO WORK

<i>AI Capability</i>	<i>Description</i>	<i>Ongoing GAO Work</i>
Community Clustering	Segment transactions and entities into groups and highlight outliers	By mapping out relational properties of data using a graph database, the Innovation Lab is modeling communities of related individuals, documents and accounting rules using properties inherent to graph networks. Specific clusters of interest are then analyzed at scale for specific risk indicators, such as outliers and inconsistent behaviors.
Natural Language Processing	Analyze volumes of textual information to distill relevant fraud schemes	The Innovation Lab is applying topic modeling by sifting through large volumes of public comments, social media posts, regulatory exemption applications, among other sources, and organizing this information into relevant fraud schemes and taxonomy with greater speed, consistency and accuracy.
Predictive Targeting	Automate routine, manual audit processes to lower cognitive frictions	GAO is applying predictive models on trade data to identify importers likely to default on tariff payments based on historical patterns and risks indicators. This information is then further organized by location to help stakeholders target risk mitigation strategy.
Entity Resolution	Validate identities and mitigate improper payments using persona-centric and risk-calibrated approach	The Innovation Lab is working with various stakeholders on advanced entity resolution and relational mapping techniques to develop a risk-calibrated, near real-time identity validation capacity to help address improper payments.

The U.S. Government Accountability Office (GAO) seeks to leverage the power of AI to improve government oversight and combat fraud, and GAO’s Innovation Lab, established in 2019 as part of the Agency’s new Science, Technology Assessment and Analytics unit, is driving AI experimentation across audit use cases (see Table 1 “AI Capabilities and Ongoing GAO Work”).

As progress is achieved, GAO aims to share success stories and lessons learned with SAls and the broader accountability community. Concurrently, the Innovation Lab, in conjunction with all relevant stakeholders, is in the early stages of developing an AI oversight framework to help guide the development of AI solutions while adhering to overarching good practices and standards for auditors.

Table 1 also shows how GAO’s Innovation Lab is developing relevant fraud related analytical capabilities potentially forming the basis for future AI solutions. Each use case is designed to quickly identify hidden correlations, behaviors, relationships, patterns and anomalies that may be indicative of fraud risks.

Before pursuing AI analytical solutions to oversight and combating fraud, SAls can benefit by considering important legal, societal, ethical and operational considerations that are especially relevant to AI. Moreover, SAls can gain

valuable insight from private and public sector organization experiences and lessons learned.

IMPORTANT CONSIDERATIONS WHEN USING AI

AI algorithms do not understand the difference between fraudulent and non-fraudulent transactions. Instead, these algorithms identify anomalies, such as unusual transactions between accounts. Human subject matter experts are still needed to analyze these anomalies to determine whether potential fraud exists.

To withstand scrutiny, audit institutions hoping to establish anti-fraud AI solutions may consider a set of guiding points, including how AI solutions are:

- **Carefully Trained and Validated:** Rigorously training and validating AI algorithms is required to minimize model errors. AI solutions that generate excessive false positives, such as by labeling too many legitimate transactions as potentially fraudulent, can overwhelm an organization and its ability to investigate potential fraud.
- **Explainable, Logical and Reasonable:** Explainable, well-defined and precisely documented AI algorithms are paramount. It is important to ensure modeled dependencies between variables are logical, underlying assumptions

are reasonable, and model and algorithm outputs are expressed in plain language.

- **Auditable:** To conform to Generally Accepted Government Auditing Standards, thoroughly documenting applied AI techniques is critical. This includes parameters related to models and data sets used as well as the rationale for including any proprietary techniques, such as third party systems from external vendors.
- **Governed:** AI algorithm oversight is vital to ensuring consistent performance across different operating environments. It is imperative AI solutions, especially out-of-box algorithms, are free of negative impacts, such as unintentional discrimination against protected groups.

STEPS TO SUCCESSFULLY IMPLEMENT AI

Public and private sector organizations have identified several key steps for successful data analytics initiatives, including AI approaches:

Identify Objectives and Align Efforts: Identifying how specific program objectives may help meet organizational needs is recommended in the early stages of analytics program development.

Obtain Buy-in: Organizational support for data analytics and an appreciation of its ability to enhance goal achievement are essential. Creating a division responsible for developing analytical capability is one way to institutionalize knowledge.

Understand Current Capabilities: Initially, organizations can inventory existing resources to better understand capabilities and prioritize areas for improvement. Key resources include staff expertise, hardware and software as well as data sources and owners.

Include Users and Subject Matter Experts: Including the right subject matter experts in analytics projects can help inform model development and obtain buy-in from eventual model users.

Start Simple, Incrementally Build Capacity: Organizations may first seek to develop minimally viable solutions to meet goals. By identifying and obtaining quick and early successes, organizations can build a case to incrementally develop

further capabilities, creating a foundation to implement more sophisticated AI solutions.

Transition to Operation: Once a minimally viable product is developed, moving it to a production environment is crucial. It is important to document updates to the AI algorithm.

SAI managers may consider several resources while exploring AI implementation. GAO's [Fraud Risk Framework](#) identifies leading practices to help program managers combat financial and nonfinancial fraud. These leading practices include steps for using data-analytics activities to aid fraud detection, which can help establish a foundation for more sophisticated analytics, such as AI.

GAO's "[Highlights of a Forum: Data Analytics to Address Fraud and Improper Payments](#)," includes recommendations from the public and private sector on how to establish analytics programs. In particular, forum panelists provided suggestions on establishing and refining a data analytics program.

In 2018, GAO published the "[AI Technology Assessment](#)" identifying a range of AI-related opportunities, challenges and areas needed for future research and policymaker consideration.

The International Organization of Supreme Audit Institutions [Working Group on Big Data](#) helps facilitate knowledge sharing among SAIs on issues associated with data and data analytics.

Subject Matter Experts Interviewed

Solon Angel, Founder, Chief Impact Officer, MindBridge Ai

Jim Apger, Security Architect, Splunk

Bart Baesens, Professor of Big Data & Analytics, Katholieke Universiteit Leuven, Belgium

Justin Fessler, Artificial Intelligence Strategist, IBM Federal

Robert Han, Vice President, Elder Research

Bryan Jones, Owner and Principal Consultant, Strategy First Analytics

Rachel Kirkham, Head of Data Analytics Research, United Kingdom National Audit Office (UKNAO)

William Pratt, Data Scientist, UKNAO

Wouter Verbeke, Associate Professor of Business Informatics and Data Analytics, Vrije Universiteit, Belgium



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