

INTOSAI



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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.

The *Journal* is distributed electronically to INTOSAI members and other interested parties at no cost. It is also available electronically at <http://www.intosaijournal.org> or <http://www.intosai.org> and by contacting the Journal at [intosaijournal@gao.gov](mailto:intosaijournal@gao.gov).

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Photo by Marcel Bakker.

by Arno Visser, President, Netherlands Court of Audit

# We, the people!

## Revolutions

On March 12, 1848, King William II of the Netherlands woke up in the middle of the night, sweating, his heart pounding, and with an upset stomach, despite having eaten that evening. His troubled mind was on the revolutions sweeping across Europe and parts of Latin America. Uprisings in Paris against the King of France and his government, in several German states and in Denmark, had led to the sudden ousting and reform of ancient European regimes. People all over Europe joined ad hoc movements of the middle classes, workers, and reformers to express their discontent with the leadership in their countries. They demanded more participation in government and more democracy.

Similar calls had been growing louder in his Kingdom of the Netherlands over the last four years. So far, William had bluntly refused any reforms. In recent days, however, the demand for reforms in the kingdom was being made not only by members of parliament, but also by large mobs roaming the streets of Amsterdam and The Hague. Revolution was sitting at the King's bedside and was ready to strike. Fearful of losing his position altogether, William eventually decided to give in to the demands. He later explained that he had "changed from a conservative to a liberal overnight." That very morning, he appointed a commission to review the Dutch constitution. This new constitution paved the way for a parliamentary democracy. It enshrined freedom of education, freedom of association and a free press. It ensured direct elections at all levels of government, an annual budget set by parliament, and governmental accountability.

It also resulted in the loss of personal executive power for William. The pragmatic approach taken by the King thus led to a peaceful transition in the system of government in the Netherlands.

The revolutions of 1848 and 1849 were fuelled by demands for better representation in the parliamentary system coming from a rapidly growing base of educated citizens. Their demands of access to, and influence, in the decision-making process were founded on the classic values of participation, fair representation, transparency, and accountability.

## The modern era

Our supreme audit institutions find their *raison d'être* in those nineteenth-century democratic principles. We ensure accountability, increase transparency and contribute continuously to the improvement of public administration in our countries. From time to time, however, we are confronted with our own limitations. Until about the last decade of the twentieth century, governments and SAIs used to have a near monopoly of information concerning the public domain. A paradigm shift took place with the introduction of digital mass storage and its large-scale use at the end of the twentieth century. Information analysis and information sharing is no longer a singular process. Through digitization and datafication there is now much more information available than ever before. Furthermore, information or data is accessible 24/7, as it is no longer confined to a physical archive. Moreover, information is continuously reusable for different interpretations and purposes.

In the twenty-first century, we witness a global movement that is, once again, demanding more participation, more transparency and more accountability. One example of this movement is the Open Government Partnership. This multi-stakeholder network organization strives for governments to become sustainably more transparent, more accountable, and more responsive to their own citizens, the ultimate goal is to improve the quality of governance, and the quality of services that citizens receive. This is not dissimilar to the arguments put forward by the revolutionary movements of the nineteenth century.

### Techniques and mind set

As SAIs, we are facing twenty-first-century challenges, using twentieth-century techniques, in nineteenth-century institutions. We, therefore, have an important task to remain relevant to the general public. In my opinion, this can be achieved by embracing newly developed techniques and adopting an inclusive mind set. Recently, I have seen two examples of what we can do to tackle these challenges. The first was presented by Ms. Tytti Yli-Viikari, the newly elected Auditor General of Finland, during a joint visit to the SAI of Turkey. She argued that SAIs need to invest in new technology and in how we use that technology. Data-mining tools, intelligent data analysis systems, and text analytics are available already. Now that these have been developed for broad use, we need to invest in acquiring new hardware, software, and human resources. This will give us the opportunity to use both structured and unstructured data from both internal and external sources. Data can now help identify otherwise unseen issues and improve the general performance of public administration.

SAIs are in a position to use these techniques and we can combine the necessary open and closed data from different sources to provide new insights into potential efficiency improvements and more effective public policies. Combined with hindsight, these new insights might even lead to foresight. Instead of simply asking what happened, SAIs that employ data analytics can look ahead and gain insight and foresight into what might happen in the future. SAIs can move towards different forms of foresight auditing by using their audit data, coupled with analytic tools, to build models and perform scenarios, aimed at further improving accountability. Many of those tools are available already, for example in direct marketing. In the near future, self-learning computer systems might even be able to assist us in our auditing work as they are becoming ever smarter and are able to independently combine information from various sources.

The second example concerns our position in society and comes from the SAI of Brazil. The use of mass stored data and technological tools such as data analytics shows that we no longer have to work alone; indeed, we *should* not work alone anymore. Citizens, civil society organizations and others should also have the opportunity to use data from public administration, so they can provide us with insights of their own, thereby contributing to the story that we tell as SAIs. Thus, together with society, we are able to present a much clearer picture of what is happening. This does mean that governments and as many other parties as possible should be willing to share their data in a format that is open, i.e. complete, from a primary source, accessible, machine-readable, non-discriminatory and with an open standard and licence. The SAI of Brazil encourages its public administration to provide the general public with access to such data. They do so by convincing them that society requires more transparency in public administration and that, in return, society can contribute directly with innovative services to improve public administration. Not least, opening up data by public administration gives people the opportunity to create new businesses and progress economic development. In this way, the SAI of Brazil has adopted the mind set of open government.

### Call to arms!

In November 2015, The Netherlands Court of Audit organized a EUROSAI Open Data conference. Twenty-eight SAIs participated and were resolute in their ambitions: 92 percent want to open up SAIs own data; 43 percent want to audit the state of open data in their country this year; and 81 percent of them expect to use open data in audits in the future. The movement has started, now we need momentum. As SAIs, we are information brokers and the nature of the information we are dealing with is changing. We need to be on top of that change, both by embracing new techniques and adapting our mindset. Unlike the nineteenth century, the twenty-first century public now demands, thanks to technological developments, *direct* participation and involvement. But these demands are still founded on the same classic values of participation, fair representation, transparency and accountability. We are in the middle of the data revolution and we need to wake up quickly and address the demands for access to information and cooperation with society. Because, ultimately, it is not only the people that want to achieve more transparency and accountability. SAIs and the people want the same. Let us work towards that!



# News

## from SAIs around the world



## News from SAI of Albania

### An Efficient Way To Go Public

For anyone who poses the question, "Why do professional auditors need to seek to communicate with citizens through daily press?" we in ALSAI (Supreme Audit Institution of Albania) give the answer that we see it as our constitutional mission and duty to inform citizens about the management of the economy and the effectiveness and efficiency of State funds. We cannot reach maximum efficiency of information only through periodically reporting to Parliament and through issuing press releases any time we deem it important. The appeal of Section 16 of Lima Declaration that talks on SAIs' reporting to Parliament and to the general public and of ISSAI 12 "Values and benefits of SAIs: how to make a change in the lives of citizens," Principle 4: "Reporting on audit results and thereby enabling the public to hold government and public sector entities accountable" pushes us to try to find other ways of communication with the wide public.

Therefore, in addition to reporting to Parliament and to Budget Committee and to meeting MPs, in addition to press releases on the results of our audits, in addition to publications about our performance, we have chosen a simple and direct approach, communicating with citizens through the Albanian daily press.

We started slowly in the first months of 2013. Some of most gifted (in writing reports) auditors and managers were briefed by ALSAI Chairman on the importance of going public and stimulated to try their luck with editorials in any of Albanian daily papers.

With time, experienced as well as young auditors joined in the team of ALSAI "editorialists". They found that they had a lot to tell to the public opinion and to citizens. They wrote about their findings in the audits they recently performed and their arguments and ideas for improving the situation in different State entities, especially those that provide public services.

Now ALSAI auditors and staff clearly see the challenge to convey messages to the public in the form of writing to the daily press, to improve public governance using the positive pressure by the citizens through written and social media.

We in ALSAI think that it is duty of every head of a State entity of any rank whatsoever, to promote and encourage his/her gifted or courageous employees to go public and express their opinions on ways how to improve the work in their own institution or in the provision of public services in general. Until now, the public employee feels more as the wheel of the chariot stuck in mud and barely able to move. We have to move to put every State institution on track to modernization and effective fight against corruption through more and more transparency. And we share the opinion that the best way to be transparent is to go public.

During the last three years 2013-2015, ALSAI auditors published 375 editorials, interviews, essays and analysis in almost all Albania's daily papers with national circulation. Until now, we have selected and summarized all of these articles into five ALSAI publications.

# SAI Algeria Issues Strategic Plan

The Programs and Reports Committee of the Court of Accounts in Algeria approved the SAI's second strategic plan covering the years 2015 to 2018 at its meeting held on April 1, 2015. The plan takes into account the recommendations of its recent peer review and a partnership with the French Court of Accounts.

Based on recommendations from its peer review report, the Court of Accounts expressed its willingness to receive institutional support to strengthen its professional capacity and ensure compliance with the European and international standards and best practices.

In March 2015, a consortium was selected consisting of the French Court of Accounts (leader), the Portuguese Court of Auditors (junior partner) and the French National School of Administration. Several working sessions were held with representatives of this consortium to improve and refine the content of the agreement. The implementation of the project began in January 2016.

The agreement is organized around four key objectives:

- The Court obtains the resources to align its management and its activities with international standards and best practices.
- The Courts' judicial function is reorganized to be more efficient and to consume less resources.

- The Court's report on the preliminary draft budget law provides high-quality, timely, and useful information and is produced efficiently and less consumption of resources.

- Controls over the quality of management and performance complies with European and international standards and best practices.

These objectives encompass nineteen activities and forty-nine operations.

The project should be completed within two years at a cost of 1.72 million euros.

In addition, the Court of Accounts of Algeria has been named to the African Union's Board of External Auditors. Revisions to the African Union's financial regulations created an audit board of five members. The current board also includes the SAIs of Equatorial Guinea, Cape Verde Islands, South Africa and Uganda. The SAI of Algeria participates on two control teams:

- auditing the African Court of Human and Peoples' Rights established in Arusha, Tanzania; and
- auditing the accounts of the African Committee in Addis Ababa.

The Peer Review of the SAI of Algeria is available on [http://www.ccomptes.org.dz/documents/rapport\\_revue\\_par\\_les\\_pairs\\_2013.pdf](http://www.ccomptes.org.dz/documents/rapport_revue_par_les_pairs_2013.pdf)

## GAO Opens New Center for Audit Excellence

To help bolster the capacity and effectiveness of accountability organizations, the U.S. Government Accountability Office launched a new Center for Audit Excellence in October 2015, which will expand upon GAO's longstanding collaboration with other accountability organizations. The Center will provide customized, fee-based training, technical assistance, and other products and services to domestic and international accountability organizations. The goal is to foster effective accountability organizations that can help improve government performance and transparency, in addition to ensuring the sound use of public funds.

An important feature of Center operations is that projects will be staffed primarily with former, highly experienced and qualified GAO professionals who have previously served as senior audit executives and managers. The Center has a roster of over 80 individuals who have skills in a wide array of audit

topics and methodologies, and who are committed to sharing knowledge to enhance the capacity of other accountability organizations. This approach not only helps to ensure the delivery of high-quality services, but also preserves the independence for GAO units that provide audit and oversight services on behalf of the U.S. Congress.

During the initial years of operation, the Center plans to undertake projects primarily in response to specific requests for customized training, peer-to-peer mentoring, and other technical services. The Center's core services include organizational capacity building, performance auditing, and financial auditing. To facilitate building organizational capacity, the Center can help accountability organizations conduct needs assessments, develop or refine strategic plans; develop and implement sound quality assurance frameworks; establish recommendation follow-up systems; and develop and implement strategies for effectively

engaging with legislative oversight bodies, members of the media, and citizens. Center services directed at improving performance and financial auditing can include understanding and applying audit standards; enhancing audit planning and methodologies; evaluating evidence; and drafting clear, concise and well-supported reports that communicate audit findings and recommendations in a convincing manner.

Beyond these core services, the Center is well-positioned to provide training and technical assistance on a wide range of other important topics. For example, Center services can help enhance audit managers'

leadership and supervisory skills in effectively overseeing the planning and implementation of audits. The Center can also support capacity building efforts in a variety of specialized audit topics such as internal controls, information technology, procurement, and cost-estimating. In all cases, the Center will strive to keep fees at an affordable level by working collaboratively with organizations to identify the most efficient and cost-effective way to provide services

**For more information on GAO's Center for Audit Excellence services, please visit the Center's webpage (<http://www.gao.gov/resources/centerforauditexcellence/overview>) or contact the Center at 202-512-7100.**

## The Office of The Comptroller General of Ecuador Is Reviewed on Independence



**Ing. Paul Noboa, Director of the Audit on Projects Environmental Department of the CGE, Irene Spreitzer, Public Relations for the Austrian Court of Accounts, Daniel de Souza, Auditor of the Federal Court of Accounts of Brazil, María Leonor Vera, Supervisor of the International Affairs Department of the CGE, Leopold Schefcik, Auditor of the Austrian Court of Account. Miss Allison ZAPATA, Attache in the background.**

Currently, the Office of the Comptroller General of the Republic of Ecuador is being reviewed on independence by the Austrian Court of Accounts and the Federal Court of Accounts of Brazil. This Peer Review is executed after the subscription of the Memorandum of Understanding (MOU) of the SAIs involved and also by the representative of the INTOSAI General Secretariat September 30, 2015.

The objective of the Peer Review is to provide an assessment of compliance with the International Standards of Supreme Audit Institutions (ISSAI) related to

the SAI independence and to make recommendations for the actions for promoting the SAI's independence.

The review is based on the following ISSAIs:

- ISSAI 1: Lima Declaration
- ISSAI 10: Mexico Declaration on SAI Independence
- ISSAI 12: The Value and Benefits of SAIs

Therefore, the main focus of the assessment is on the eight principles of independence according to

Mexico Declaration:

1. Existence of an effective legal framework
2. Independence of SAI heads and members
3. Broad Legislative mandate and full discretion in the discharge of SAI functions
4. Unrestricted access to information
5. Right and obligation to report on audit results
6. Freedom to decide the content and timing of audit reports
7. Existence of a follow-up mechanism
8. Financial, managerial, administrative autonomy and appropriate resources

This process began in October 2015, with a preparatory workshop in Vienna to meet uniform concepts of all the subjects matters examined. Later the peer review team exchange communications with International Affairs Department of the Comptroller General of the Republic of Ecuador, coordinating a visit for February 15th to February 26th of 2016, as well as the response of a questionnaire based on the eight principles of independence according to Mexico Declaration.

### Peer Review Team

Leader of the Team—**Leopold Schefcik**, Auditor of the Austrian Court of Accounts

Team Members:

- **Gregor Breier**, Auditor of the Austrian Court of Accounts
- **Irene Spreitzer**, Public Relations for the Austrian Court of Accounts
- **Daniel De Souza**, Auditor of Federal Court of Accounts of Brazil

For the technical visit, the Peer Review team and the International Affairs Department have arranged a set of interviews with the Heads of the Planning, Financial, Legal, Communications, Ethical Affairs, TICs, Audit on Projects and Environment and Human Talent Department. All of these meetings are fundamental to make clarifications on the subjects reviewed.

The final report will be submitted in mid – 2016; both the Authorities and other members eagerly expect the results in order to achieve the recommendations to continually improve the independence of the SAI.

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## News from Finland

### Tytti Yli-Viikari elected as Auditor General of the NAOF

The Finnish National Parliament has elected Ms Tytti Yli-Viikari as the Auditor General of the National Audit Office of Finland. Ms Yli-Viikari has previously held the position of Deputy Auditor General. She started her six-year term as Auditor General on 1st January 2016.

The previous Auditor General of the NAO of Finland Dr Tuomas Pöysti ended his second term prematurely to serve as project leader in charge of the social welfare and healthcare reform in Finland. Ms Yli-Viikari has been the Acting Auditor General from 1st October 2015 since Dr Pöysti resigned.



Tytti Yli-Viikari as the Auditor General of the National Audit Office of Finland



# The Audit Board of Republic of Indonesia hosted the IDI-ASOSAI Meeting with SAI Management and Key Stakeholders on 9-11 December 2015

The Audit Board of the Republic of Indonesia (BPK) hosted the first meeting of the IDI-ASOSAI with SAI Management and Key Stakeholders on December 9-11, 2015 in Jakarta. This event was attended by 46 participants from 18 countries in the Asian Region attendees discussed the relevance and delivery of 8 programs prepared by IDI for SAIs in ASOSAI. Those programs are part of IDI's strategic plan 2014 – 2018.

The meeting was officially opened by the Vice President of Republic of Indonesia, Jusuf Kalla, who also

acted as the keynote speaker. In his speech, Mr. Kalla emphasized the importance of cooperation among audit institutions in the Asian Region to improve audit quality in order to eradicate or overcome financial crimes, such as corruption.

During the three day meeting, facilitators from IDI presented each program and invited responses from the participants. Participants shared their experiences and ideas on each program presented. Finally, each SAIs declared its commitment to participate in the IDI program conducted in the coming years.



Photo group session with all participants

# News from Audit Office of the Republic of Latvia

## Regular development activities – key constitute for supreme audit institution work sustainability.

The ever changing socio-economic situation today makes it essential for the supreme audit institutions to continue their advancements in the professional field and to ensure their sustainable development. At a time when the audit is not only a part of the parliamentary control system, but also an instrument for the informing of the society about the performance and legality of the implementation of the policies by the ministries, it is highly important to provide an increase in the audit quality.

2015 has been a productive year for the State Audit Office of the Republic of Latvia (SAO) and was notable for its contribution to the improvement of the work process. Part of the activities for increasing of capacity have been introduced while implementing the sub-activity “Capacity strengthening of the State Audit Office” of the EU social fund project “Support for structural reform implementation in the public administration”.

In order to fulfill the principles of the Lima declaration which concern the independence of the supreme audit institutions, the activities of the SAO are not and may not be subject to audits by other public sector institution. Nevertheless it is important for the SAO to receive an independent and professional assessment of its work thereby the only means for reaching this goal is to carry out a Peer review. In August 2015 the first Peer review of the SAO was finalized. It was led by experienced audit professionals from the supreme audit institutions of the Slovak Republic, Denmark, the Netherlands, Poland, the United States, and the European Union.

The objectives of the peer review were to provide an assessment as to whether:

- strategic and operational planning are appropriately designed and implemented;
- audit methodology, practices, and quality controls are suitably designed and operate in accordance with relevant international standards and national regulations;
- administrative and management functions support the core audit functions in an efficient manner.

In addition to assessing these three topics, the peer review team also provided suggestions for improving the work of the SAO.

Meanwhile parallel to the international assessment the SAO has also carried out the needed enhancements for ease of readability of its audit reports. In collaboration with the Swedish NAO a new format of audit reports was created as well as additional improvements for the visual concept of the reports were defined. The first audit reports following the new communication approach have already been published and the work is ongoing to further improve their perceptibility not only among the auditees but also among the general population, the education institutions and students which often use the information from the audit reports in their academic assignments. In the operational strategy the SAO has further emphasized the strategic importance of performance audits. While increasing the number of performance audits it is important to further develop the professional competency, because the performance aspects can not always be assessed with the help of the traditional audit methods and instruments – this however calls for an interdisciplinary approach which further requires additional financial investment in the professional development of the auditors. To further improve the skills which are needed during financial and performance audit process the SAO offers its employees multiple training courses. The training needs and the content of courses are stated by the work process. The training plans are created while taking into account each employees individual needs and the results of the strategic assessment on the most appropriate training themes which would be needed for the improvements of the work process.

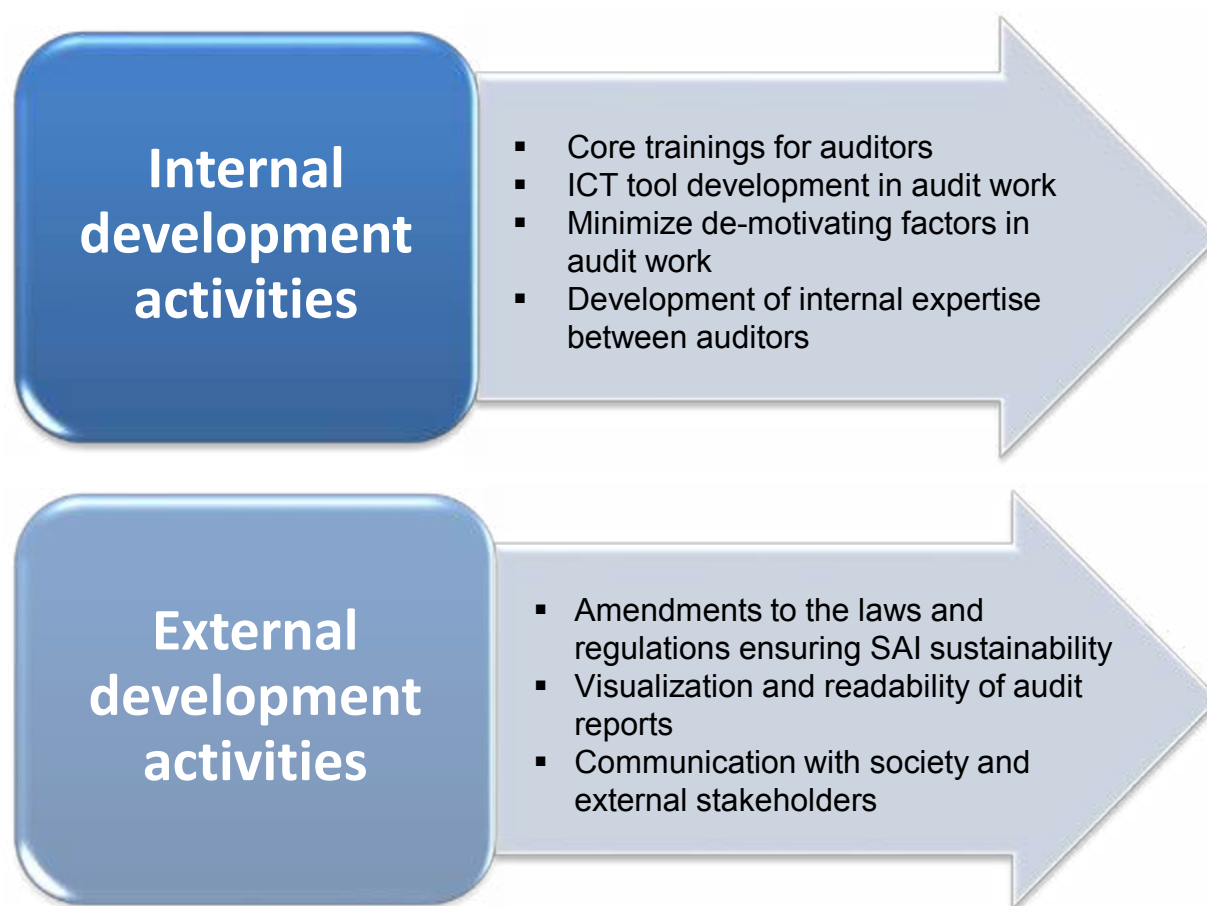
However the sustainability of the supreme audit institutions depends not only upon the professional capacity of the auditors and the content of audit reports, but also on its goals and efforts to improve the effectiveness and efficiency of the public expenditures. It is an ongoing process of communication, and explanation of the purpose of the audit to the auditees, society and other relevant parties.

The responsible authorities have not always been able to maintain their objectiveness and independence when taking action to solve the discrepancies outlined in audit reports or when they were to take timely actions to minimize further inefficient expenditure of public finances. This autumn the SAO has initiated

legal amendments with the purpose of ensuring a more attentive monitoring of the acts of the liability of the public officials and taking legal measures if illegal public sector expenses are detected. The drafted solution complies with the legal certainty (liability for illegal acts not for the lack of policies nor sudden risks or short-sighted actions), principle of proportionality (reference to mitigating circumstances and limits of liability e.g. in cases of grave negligence the fine might comprise of amount of up to two annual wage equivalent), principle of subsidiarity (the SAO might intervene in cases if the auditee is not fully ensuring the recovery of funds or if there are clear signs of inaction) and the legal rights of the person to be heard before the enforcement of the administrative act. If

the auditee would fail to implement the recommendations or if the audit would have revealed an unlawful handling with public resources and funds, the SAO would hold the rights to request an assessment of the suitability of the manager of the audited institution to his/her position.

While taking into consideration the above mentioned, we can surely conclude that the sustainability and the quality of audit institutions is highly dependent upon their investments in the provision of their further development activities. This concerns not only the internal development activities of the institution but also the external ones which are directly related to auditees, society and other relevant parties.



# News from Lithuania

## 10 years for IT audit at the National Audit Office of Lithuania

There are a lot of ways we can measure time, and most often we choose the one which lets us demonstrate our advantage, importance or uniqueness, the first time someone mentioned IT auditas (IT audit in Lithuanian), was nearly 20 years ago, in 1997 the INTOSAI information systems audit material was translated into Lithuanian in 2001 the first IT performance audit report “Regarding results of assessment of activities of establishing and development information systems in terms of economy, efficiency, and effectiveness” was published.

By the way, “information systems audit” and “Information technology audit” are synonyms, reflecting change of audit objective from reliability and integrity of electronically processed data in financial systems to e-Government projects of assessment of effectiveness and efficiency of governance of information and IT infrastructure both at institutional and national levels.

However, the systematic approach to IT audit at the National Audit Office of Lithuania was developed later, in April 2006, Methodological Recommendations for IT Audit, based on INTOSAI Auditing Standards and European Implementing Guidelines for the INTOSAI Auditing Standards (Guideline No. 22) were approved by the Auditor General of the National Audit Office of Lithuania, defined place, scope of IT audit, as well as its types. These defined relationship with financial and performance audit and methods. IT audit function was placed in the Information Technology Management and Audit Department, and was established on February 1, 2006.

Audit is like a tree: some time has to pass until it brings us fruits, that's why auditors have to plant trees today. IT performance audits aimed at the national level requires 4-5 years to achieve planned impact. Our IT audit objectives are no longer limited to the implementation of new functionalities at selected IT systems or management approaches at institutional level; they are aimed at new or improved IT governance schemes, including legislation, structures, decision making process.

This makes IT audit different from typical performance audits that look at compliance with existing legislation. IT audits forms on analysing future technology developments to identify anticipated legal and organizational obstacles – future root causes for IT projects failures. We are proud to have the national

Law on Information Resources Management, which is based on recommendations of 3 audits completed by the National Audit Office of Lithuania, and that empowered national government with the new instruments for governance and management of IT resources. The ongoing process of consolidation of IT infrastructure is also linked to recommendations of IT audits, while the future belongs to consolidation of information and open data – management and re-use of information which was created and belongs to the state. We sometimes forget that information is an important asset, and it has to be dealt with the equal care as infrastructure.

We are happy to have the Information Society Development Committee of the Seimas (the Parliament) – our trusted friend, which helps us a lot, and the essence and meaningfulness of audit recommendations are increasingly becoming intelligible for public sector institutions.

10 years is a good time to take a look back at Audits, on their own will have no impact unless recommendations are acted upon. Self-assessment of IT audit function at the NAO in Lithuania began in 2007 – the first one at the European Supreme Audit Institutions – with the help of colleagues from Norway and European Court of Audit. COBIT 4.1 methodologies were translated into Lithuanian language in 2011 with significant support of the National Audit Office of Lithuania. At the INTOSAI WGITA meeting and IT performance audit seminar in Vilnius, IT Audit Manual was developed and approved by the Auditor General of the National Audit Office. Those are like footsteps in the sand, valued by us, because they are our footsteps.

Open and eager for good IT audit practices within and outside INTOSAI and EUROSAL, sharing experience with private IT audit, adoption and use of methods and instruments offered by ISACA, mainly COBIT, let us position ourselves between IT audit competence centers. And when ISACA Lithuania chapter has earned the 2015 K. Wayne Snipes award for the Best Medium Chapter in Europe – we do believe this is an effect of synergy. Because you cannot achieve good results working in isolation.

There are many ways we can measure time. Most often we choose the years, but we also can choose maturity.

**For further information please contact National Audit Office of Lithuania at [international@vkontrole.lt](mailto:international@vkontrole.lt).**



# The Former Yugoslav Republic of Macedonia: Macedonia State Audit Office Implements Audit Management System

The quality of audit work is closely related to the development of information technology. The importance of IT applications into the audit was recognized in the early stages of the Macedonia SAO's establishment. In this regard, creation and implementation of an Audit Management System (AMS) was a key priority to ensure sustainable IT capacities in providing consistent and quality support to all SAO operations.

INTOSAI–Donor Cooperation and the 2011 Global Call for Proposals seemed to be an excellent opportunity for Macedonia SAO to seek a partner for the realization of this goal.

Following Macedonia SAO application for additional capacity development, the Norwegian Ministry of Foreign Affairs expressed interest in supporting activities in favor of good governance in the Republic of Macedonia, and the Office of the Auditor General of Norway offered technical assistance for implementation of such project.

In September 2012 the Auditor General of the Republic of Macedonia and the Auditor General of Norway (OAGN) signed Memorandum of Understanding, marking the beginning of four-year cooperation between the two SAIs. In April 2013 the Project Agreement was signed to define the activities of SAO and OAGN with regard to the project implementation.

The overall project objective is to improve the quality of SAO audit processes by further development of

the SAO IT system; it will also lead to improve the professional and efficient management of tax payers' money and financial discipline and accountability in the public sector. The intended outcome is to improve the quality (standardize audit processes in line with standards/guidelines, unify audit documentation, and ensure security and confidentiality of information) and efficiency (reduce time for documenting and reviewing audit papers, increase overall productivity of audit processes) of audit work.

As the grant recipient, Macedonia SAO formed a core team of IT specialist and staff members from different departments. Other members, mainly auditors, were included in the project activities as needed, in particular during the mapping of audit processes and creating the audit flow for both regularity and performance audit. The project team was tasked to organize preparation of feasibility study and carry out procurement of hardware and software to upgrade the current IT infrastructure, and to and to develop the AMS. In addition, the core team was assigned to prepare and implement IT security policies, prepare AMS manuals and conduct AMS training for SAO staff.

The OAGN, as SAO cooperating partner with the team of experts in the field, has supporting and advisory role in the above activities. Communication between the two parties is done through visits, emails and video conferences.

The project is due for completion by the end of 2016.

## Tabling of the 3<sup>rd</sup> Series of the 2014 Auditor-General of Malaysia's Reports

On November 23, 2015, SAI Malaysia tabled the 3rd Series of the 2014 Auditor General's Performance Audit Report in the Parliament after obtaining the consent from the King. The Performance Audit Report comprised observations of 69 performance audits and 18 government company audits at the federal and state levels as well as the federal statutory bodies. The audits covered program, construction, maintenance,

purchasing, revenue management, environmental and company management.

A total of 268 recommendations were submitted to improve and rectify the weaknesses as a result of poor management (planning, implementing and monitoring), technical errors and mishaps. The Public Accounts Committee had called upon several poor performance ministries for their explanations.

A town hall session was held on December 2, 2015 which was chaired by the Chief Secretary to the Government. The session was attended by the members of the media, the auditors and the audited ministries/departments/agencies. The session provided an opportunity for all attendees to discuss the issues raised in the Auditor-General's report and actions taken by those entities.

The first and second series of the 2014 Annual Report of the Auditor-General were tabled on April 6 and June 15, 2015 respectively. The first series highlighted audits on 51 programmes and 16 government companies and a total of 190 recommendations were given. There are 241 recommendations submitted in the second series on 57 performance audits and 18 government company management audits. The tabling of the performance audit reports in the three parliamentary seating was one of the initiatives under Phase Two of the Government Transformation

Program which began in 2013. The objective is to enable the fast track access to the reports for immediate action and allow for greater public scrutiny.

In addition, the 2014 Report on Government Financial Statements, Financial Management and Management of the Government's Companies of the Federal and State Governments and Federal Statutory Bodies were also released on November 23, 2016. Based on the Financial Management Accountability Index rating and ranking, the financial management performance level still fared favourably with 172 of the ministries/departments/agencies obtaining excellent rating (four stars) compared with 194 in 2013 and 143 in 2012.

The English contents and synopsis of those reports can be found on the website and any views on the report could be addressed to "Letter to the Auditor-General". For each of the reports, the finance ministry has issued a Feedback Report containing comments and latest actions on the issues reported by the Auditor-General.

## News from Romania

### Romanian Court Of Accounts

In December 2015, the Romanian Court of Accounts submitted the Annual Public Report for 2014 to the Parliament. The Annual Public Report includes the main results of the audit missions in the field of financial audit, compliance audit and performance audit. A syntheses of the Annual Public Report may be found soon in an English version on our web site.

The Romanian Court of Accounts also published its Activity Report for 2015, which summarizes our efforts to apply the best practices in the organization and conduct of verification of public financial resources use and management.

Recently, the Romanian Court of Accounts published two new performance audit reports:

- Performance Audit Report on the management of waste arising from the medical activity at the level of the Ministry of Health and its subordinated/coordinated units, for the period 2012-2014.
- Syntheses of performance audit reports on the use of local budget funds for landscaping and maintaining the green areas of the Bucharest Municipality, between 2007 and 2014.

The audit reports issued by the Romanian Court of Accounts were very well received by Romanian media and were publicized both by newspapers and on main TV channels as reports in the news or even at TV debates.

All these reports are available on our website <http://www.curteadeconturi.ro>

### Nomination of INTOSAI representatives for The IIA's International Internal Audit Standards Board (IAASB).



**Svetlana Mureșan, senior auditor of Romanian Court of Accounts (RCA)**

In October 2015, Mrs. Svetlana Mureșan, senior auditor of Romanian Court of Accounts (RCA), was proposed by Mr. Jacek Jezierski, adviser to the President of the NIK, to replace him and to represent INTOSAI on the International Internal Audit (IIA) Standards starting January 2016. Mrs. Muresan will join *Continuing Education, Quality Assurance and Nonconformance (Standards 1230-1322) Subcommittee*, following the presentation of the five subcommittees made by current chair of the IIA's Standards Board.

Svetlana Mureşan started her career with Romanian Court of Accounts in 2002 as an external public auditor and she is a national certified trainer, lecturing on risk management, internal audit and internal control. Currently she is part of the working group which manages risks, establishes strategy and policies in order to achieve RCA's internal control objectives.

Svetlana joined INTOSAI's Internal Control Standards Subcommittee in 2003, where she has had a sustained activity and a significant contribution, as she became the leader of the task force on the revision of INTOSAI GOV 9130 on risk management in the

public sector. Svetlana has a broad experience in international meetings as RCA representative.

Svetlana is actively involved in cooperation between EUROSAI and ECIIA and she has a strong cooperation with the Internal Auditors Association of Romania - the national branch of The IIA in Romania. The Romanian Court of Accounts Plenum welcomed the nomination and offered the necessary support for this activity. The PSC Steering Committee and the chair of Governing Board have approved the nomination.

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<http://www.curteadeconturi.ro>

## SAI Rwanda celebrating 10 years of performance audits

On November 25, 2015, Office of the Auditor General of Rwanda marked the 10th anniversary of performance auditing. The past decade has seen Rwanda making significant development strides towards becoming a middle-income economy, achieving the Millennium Development Goals, sustaining economic growth and reducing poverty levels.

The growth and development of the country has spurred the need to enhance efficiency, accountability, effectiveness, transparency and good practices in public administration operations as a way checking progress and shifting momentum further forward towards achieving the recently adopted Sustainable Development Goals. Performance audits have contributed tremendously for this need to the public sector

through its value-for-money focus. These efforts help provide assurances of ensuring efficient and effective utilization of public funds.

To date, SAI-Rwanda has produced 28 performance audit reports in almost all socio-economic sectors-health, education, agriculture, and infrastructure, environmental and corporate governance. The performance audit department has grown over the years and currently has 15 auditors who have diverse skills required to conduct more performance audits in different sectors of the economy.

Clearly the past ten years have seen not only an increase in the number of published reports but also quality. In the earnest wise words of Mahatma Gandhi, *"The future depends on what you do today."*

## News from GAB of Saudi Arabia

The General Audit Bureau of Saudi Arabia (GAB) hosted the 9th ARABOSAI Capacity Building Committee Meeting. Director General of Administrative Development Department, Mr. Mohammed Mutlak Al-Nofaie represented the GAB at the meeting.

H.E. Mr. Osama Jafar Faquih, President of General Auditing Bureau headed the 16th Annual Meeting of GAB that was held in Riyadh on December 30, 2015. A number of topics concerning audit work in GAB were discussed in this meeting including matters related to financial and performance audits. The meeting was attended by Department Heads and

Managers of GAB's Branches. A number of issues were discussed that include improving performance and increasing the productivity of GAB.

General Auditing Bureau, is hosting the 13th Annual Seminar for supporting ways of cooperation for achieving the goals of performance audit and comprehensive audit titled: "GAB Connecting Electronically with the Government Entities through the Comprehensive Electronic System (Shamel)", during the period from 17 to 18 April, 2016.

GAB is hosting an IDI Training Program on SAI-PMF targeting ARABOSAI member SAIs in 2016.

# Seeking ways to increase the liability of civil servants and public employees for squandering of public assets



by the State Audit Office of the Republic of Latvia

The State Audit Office of the Republic of Latvia was created according to the supreme audit institution model which provides recommendations for improvement to the audited entity. This model does not include any mandate to apply sanctions towards the audited entity if any infringements or discrepancies are to be found or if the auditee fails to implement the recommendations. According to the law, the State Audit Office is obliged to inform law enforcement institutions and the responsible institutions of any observed cases of violation of the law by the auditee.

It should be noted that since 2006 the State Audit Office not only provides the Prosecutor's office and other responsible institutions with information on the revealed infringements, but also follows the progress of the legal process. If the State Audit Office believes that the information and evidence obtained during the audit had not been evaluated thoroughly in an objective manner, it may request a reassessment of the evidence and liability of the responsible civil servants and public employees.

It should be noted that the responsible civil servants and public employees have been rarely-brought to account because full reassessment of the recognized illegalities by the State Audit Office was not taking place. Therefore, since 2013, more attention has been paid to the questions related to the assessment of the infringements which are found during audits. The State Audit Office provides law enforcement authorities with detailed information on the revealed infringements including documents that prove the offence. In certain cases, when signs of a possible criminal offence are being observed, the attention of the authorities is turned to the collected evidence signalling a possible wrongdoing, the civil servants and public employees which might possibly be held liable, and the corresponding law by which they might be brought to account.

Additionally, certain activities have been carried out to strengthen cooperation with law enforcement authorities and to offer them the necessary information when required. The State Audit Office organizes meetings with colleagues from the Prosecutor's office, the State Police of Latvia and



the Corruption Prevention and Combating Bureau (KNAB); additionally, seminars on the working methods of the State Audit Office are being organized. Auditors offer their expertise to law enforcement specialists by further explaining the revealed facts and by offering all the necessary information.

Since 2006, the State Audit Office has submitted materials to law enforcement institutions containing proof of infringements found in 173 audits. After carrying out the operational procedures in 87 occasions a criminal case was opened, eventually leading to prosecution of four persons in total. Two convictions took place in 2014. In cases where the State Audit Office believes the evidence obtained during the audit had not been evaluated thoroughly, complaints on the decision by the law enforcement authority are submitted. At the moment, there are 40 cases where civil servants and public employees have been held to administrative liability and penalized with a fine.

Despite the regulatory requirements of public institutions to carry out an assessment of their subordinates in case of a possible wrongdoing, the auditees rarely abided by these rules. In order to ensure that a full-fledged assessment of the infringements that had been found takes place and to ensure that they are not being repeated, in 2013 the State Audit Office proposed amendments to the law, of which the Parliament voted in favor. The amendments make it obligatory for the auditee to inform the State Audit Office on the results of the internal assessment of the actions of its subordinates. This initiative has only just begun and, quite often, not all of the found discrepancies, nor the liability of the responsible civil servants and public employees, are fully assessed. In the meantime, the State Audit Office follows the progress of these assessment procedures and if it deems it necessary it may urge the institution to carry out a reassessment, as well as contact the highest supervising institutions.

This situation however was not the case for the inter-war institution. From 1923 to 1940 the State Audit Office had the rights to enforce the institution to pay a surcharge (surcharge – an unjustifiable expenditure of public financial means which has to be repaid from the budgetary means of the auditee institution). Thus, managers were personally responsible for claiming damages caused to public assets by the civil servants and public employees – the responsible subordinates of the audited institution. The decision to apply the surcharge mechanism was made in the presence of a judge from the Court of Appeal.

Unfortunately, the before mentioned order no longer exists, however, the question of restoring a similar mandate becomes ever more topical in light of the need for the State Audit Office to find a

means to ensure the recovery of squandered financial resources. Currently, auditees are reluctant to carry out all of the necessary actions to recover these resources because managers of the respective institutions do not see the subrogated recovery of the finances, which are squandered by their subordinates, as an integral part of their own liability. Unfortunately, in this aspect there are very few positive examples to be observed state-wide.

The experts of the State Audit Office have drafted amendments which soon will be submitted to the Parliament (Saeima). These would provide the State Audit Office with a mandate to uniformly decide on the recovery of squandered resources by the responsible managers, which are to be held liable for the incurred damages within their supervision caused by unlawful handling of public entity's resources.

Despite the fact that the aforementioned legal approach has more in common with the working principles of the supreme audit institutions which function according to the principles of the court of accounts (e.g. SAI of Belgium, Portugal), in Latvia the State Audit Office can't fully exercise the functions of a court that the constitution does not incorporate such mandate for the State Audit Office. The envisioned recovery of the caused damages would take place after finalization of the audit based on a decision by the council of the State Audit Office in the form of an administrative act within the administrative procedure (in Latvia the administrative procedure framework is based on the German model). The person may appeal the decision by turning to the Court of Appeal.

The drafted solution complies with the legal certainty (liability for illegal acts not for the lack of policies nor sudden risks or short-sighted actions), principle of proportionality (reference to mitigating circumstances and limits of liability e.g. in cases of grave negligence the fine might comprise of an amount equivalent to two annual wage equivalent), principle of subsidiarity (the State Audit Office might intervene in cases where the auditee is not fully ensuring the recovery of funds or if there are clear signs of inaction) and the legal rights of the person to be heard before the enforcement of the administrative act.

In the meantime, it is envisioned that the State Audit Office may have the right to withhold an allocation of bonuses to the employees if the audit has revealed an unlawful handling of public resources and funds in the audited institution. If the auditee would fail to implement the recommendations or if the audit would have revealed an unlawful handling with public resources and funds, the State Audit Office would hold the rights to request an assessment of the suitability of the manager of the audited institution to his/her position.

# Training For State Auditors

by Nguyen Thuan Lien - A performance auditor Department of General Affairs, State Audit Office of Vietnam

## Introduction

Human resources are the most valuable asset in each organization and there is a relationship between human resource management and organizational performance. In the field of state audit, failure in human resource management would negatively impact the overall performance of a supreme audit institution (SAI). In an endeavour to develop human capital competencies in SAIs, training is introduced as one of the main methods to do so. INTOSAI also encourages SAIs to consider training as a continuous process and adapt it to their individual needs. In his September 2011 speech given at the Nanjing Audit University in China on the critical role of auditor training, Dr. Josef Moser, the Secretary General of INTOSAI and the President of the Austrian Court of Audit, stressed that "Training is vital to strengthening government audit and to improving performance, enhancing transparency, ensuring accountability, maintaining credibility, fighting corruption, promoting public trust, and fostering the efficient and effective receipt and use of public resources for the benefit of their citizens."

## Concepts of training

In 1971, the United Kingdom Department of Employment defined training as "the systematic development of the attitude-knowledge-skill behaviour patterns required by an individual in order to perform adequately a given task or job." Similarly, at the beginning of the 21st century, researchers emphasized that the purpose of training needs to be considered in the context of a specific job rather than related to a person. Further research pointed out that training is primarily associated with "preparing people for certain activities delineated by technology and by organization. Others drew the most basic definition of training as the planned and systematic activities to promote the acquisition of skills, knowledge and attitudes (SKAs).

In the case of the state audit, training is perceived as "an instructor-led, content driven, structured process to facilitate a change in attitudes and behavior through the acquisition of knowledge and skills".

## The roles of training for individuals and organizations

Training plays an important and integral part in developing human resource as well as organizations. Aguinis & Kraiger drew a comprehensive conclusion that training both may affect declarative knowledge (knowledge of "what") or procedural knowledge (knowledge of "how"), and may enhance strategic knowledge (when to apply a specific knowledge or skill). Buckley & Caple asserted that trainees may obtain "greater intrinsic or extrinsic job satisfaction" and that improves their work performance and productivity. With respect to state audit, IDI affirms that "training programs are excellent ways to give learners new skills, knowledge and techniques".

Training can be important not only in personal development but also in organisational development. J. Pfeffer demonstrated that training is essential to high-performance work systems and considered extensive training to be one of seven practices for successful organizations. Training is also crucial to "the successful harnessing of employee commitment in the pursuit of organizational and operational goals". Training results in organizational development and growth and along with other development activities that enable organizations to "adapt, compete, excel, innovate, produce, be safe, improve service, and reach goals". Salas, Tanenbaum, Kraiger and Smith-Jentsch. assert that assessment of impactful training is important to continuous learning and skill development because they are frequently used in modern organizations. In particular, training is considered to be one of the most effective ways to build the professional capacities of SAIs.

### Training motivation of employees

Motivation to participate in training could be understood as "a condition when trainees believe that training is relevant and [they] are willing to exert effort in the training environment". It should be noted that training motivation is more attached to job prospects rather than the current situation. It has been concluded that motivation to learn can influence employees' willingness to participate in training, the level of effort exerted during training, as well as their perseverance in applying skills after training.

Training motivation varies widely. For voluntary training, motivation is usually associated with the belief of trainees in better future employment prospects and it "leads to better learning outcomes, stronger well-being, more persistence and less drop-out". Furthermore, the participation of employees in training and development is higher if they expect that the skills and knowledge acquired from training are instrumental to gaining extrinsic outcomes, whilst no evidence was found for a relation between the possibilities of participants in training with their workloads. Organizational influences are also pertinent. Machin & Treloar show that organizational commitment may be an indicator for trainees to demonstrate their level of readiness to undertake and benefit from training.

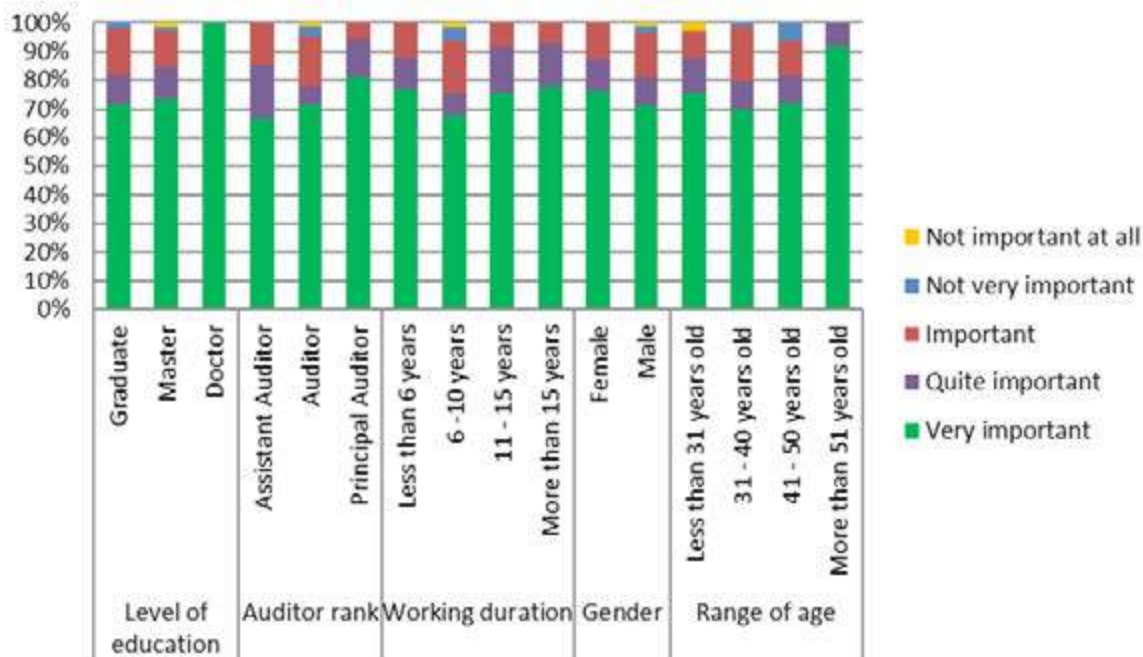
### Training in the State Audit Office of Vietnam (SAV)

The SAV is responsible for auditing the accounts and operations of the Vietnamese government to enhance government accountability. For such a formidable task, it should have the right number of staff with the right skills and experiences, as suggested by the INTOSAI Capacity Building Committee. To meet these requirements, as one of the INTOSAI auditing standards states, the SAV "should adopt policies and procedures to develop and train SAI employees". Since its establishment, the Auditor General and senior management of the SAV have paid great attention to training; it has been an inextricable part in the operation of the SAV.

Recently, the SAV conducted a survey on the attitudes of state auditors to internal training via Google Drive. Although the number of respondents was not high, the result revealed some interesting things about auditors' awareness of training.

As previously stated, training plays an integral part in developing human resources. That is also evident in a specific working environment of the SAV where about 70% of respondents emphasized the very significant role of training for themselves (Figure 1). Noticeably, almost all respondents agreed with the importance of training whilst only

Figure 1. The importance of training attached to auditors

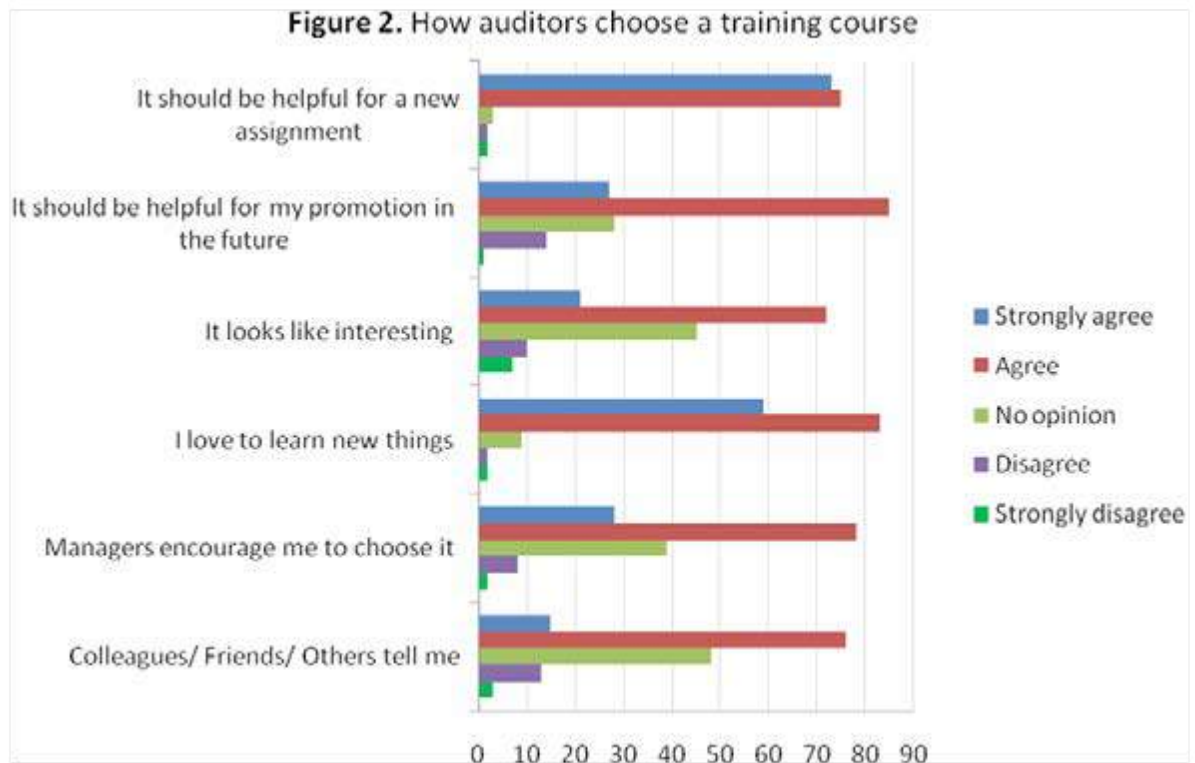


a few respondents said that training was not very important or not important at all.

Examining how auditors choose a training course (Figure 2), almost all respondents at least agreed with all six suggestions. "Courses deemed helpful for new assignments" gained the highest votes of "strongly agree". It was also the most convincing

reason compared to the rest. Interestingly, loving to learn new things" acquired a rather high rate of "strongly agree" votes, even greater than "being helpful for promotion" or "getting encouragement from managers."

In an attempt to explore any other reasons for enrollment of auditors, open-ended questions



were used in the survey. Its findings suggested that reasons varied greatly (Table 1). The most common choices for auditors were to enhance their professional competencies (30%) or to satisfy their own desire for learning (23%). These findings provided more evidence for one of the above conclusions that motivation to learn can influence employees' willingness to participate in training, the level of

effort executed during training, as well as their perseverance in applying skills after training. However, some respondents (14%) admitted that it was compulsory for them to enroll in courses.

A training course that is thought to be helpful for a new assignment or enhance auditors' professional competencies would be the most attractive to

Table 1: Extra reasons why auditors choose a particular training course

Reason	%
Enhance auditors' professional competencies	30%
A desire for learning by auditors themselves	23%
Professional obligations/ To get a higher auditor rank, wages	14%
Meet new people to exchange knowledge	2%
Close friends/ Others told/ Follow others in learning	3%
No opinion	21%
Other ideas (career development, necessary for sustainable development of the SAV, compete with colleague, etc)	7%
<b>Total</b>	<b>100%</b>



auditors. That is also corroborated in the auditors' answer to the question of "What would you like more of in training courses to develop your competencies?" The most popular option was that more new audit techniques and methodologies should be provided. Other demands included teamwork, soft skills and leadership training. Auditors also would like to have experienced auditors/ senior managers involved as trainers. They also wished to make separate working and training schedules.

In short, the survey showed that training was important for auditors in the SAV. It also revealed that there was a wide variety of reasons driving auditors to attend a training course. Training courses would be more attractive to auditors if auditors perceived the course would enable them to conduct audits better, to enhance their competencies, or courses would be in line with their own desire for learning. In some responses, auditors stated that it was compulsory for them to attend training courses.

### Recommendations for senior managers

Senior managers should thoroughly understand their role in the training process. In the current context of the SAV and Vietnam, their perception of the importance of training in developing auditors' competencies should be consistently transferred into actions as follows:

1. Actively participate in training courses as trainers and develop their teaching methods, as senior managers have a wide range of experience, especially for training courses held by their own departments.
2. Provide equal training opportunities for their staff.
3. Assign tasks or award promotions based on auditors' knowledge gained from training courses as soon as possible.
4. Do not dispense any extra work for auditors who are in a training course.
5. Encourage and facilitate auditors to enroll in training courses.

All of the above solutions should be published and applied consistently and transparently year after year by each senior manager, especially for the head of the department.

### Recommendations for the Department of Personnel

The Department of Personnel is responsible for administering all training courses within the SAV. It also makes recommendations to the Auditor

General for policies on human resource development, including training. It should seriously consider some solutions as follows:

1. Enhance training of new audit techniques and methodologies as well as soft skills for auditors.
2. Establish teamwork and leadership as separate training courses. (One of the most outstanding features of auditing is that auditors always work in teams.)
3. Recommend to the Auditor General transparent, lucid and detailed policies and guidance on incentives and rewards as well as disciplines for internal trainers. The number of training hours per year should be used as part of the criteria for annual appraisals and promotions.
4. Transparently publish information on human resource development.
5. Prepare guidance on career development for auditors.

### Conclusions

This paper has found that training was of paramount importance for auditors. Firstly, training courses were essential for auditors to prepare for new assignments, because training courses would enhance their professional SKAs, increasing their confidence in doing new tasks. In the long run, continuous training would enable them to develop their competencies. In addition, many auditors were of the opinion that the SKAs they acquired from training would be helpful for their promotion. Although some training courses are compulsory, they are still preconditions for auditors to achieve higher salaries or positions on their career ladder.

Whilst training was generally perceived to be important for auditors, the reasons why they chose a particular training course varied widely. Courses that were believed to be helpful for undertaking new assignments were most attractive to auditors. It could be seen that a desire for doing audit well was the strongest motivation for auditors to participate in courses in the SAV. Expectation of promotion after a training course was also a driver for auditors. Other auditors enrolled in a course to satisfy their desire for learning. Nevertheless, a small number of auditors registered for a course just because attendance was made compulsory.

It is believed that if all the suggested solutions above are applied, it would encourage all audit staff to learn and apply what they learn to work. As a result, in the long run the learning culture would be established. That would lay firm foundation for the sustainable development of the SAV as a whole.

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# Auditing Energy Savings in Public Administration in Slovakia

by Igor Blaško and Imrich Gál

The INTOSAI Working Group on Environmental Audits' (WGEA) work plan has a number of goals. One of these goals is to prepare a project on energy. This is the SAI of Slovakia experience.

The question of resources and their efficiency is as old as humankind. INTOSAI and individual SAIs certainly have this topic on their minds. Energy efficiency is also at the heart of *Europe 2020 Strategy for smart, sustainable and inclusive growth* and the transition to a resource efficient economy. Energy efficiency is arguably one of the most cost effective ways to enhance security of energy supply. Energy efficiency itself is one of the biggest energy resources, and that's certainly the case in Europe. This is why the European Union (EU) has set a target to save 20 percent of its primary energy consumption by 2020. Meeting that target should help the EU achieve long-term energy and climate goals. The combined effects of existing and new EU measures have potential, for example, for saving 1 000 EUR per household/year, creating almost 2 million jobs, and reducing annual greenhouse gas emissions by 740 million tons.

The greatest energy saving potential lies in effective energy consumption management especially in real property such as buildings and homes. The public sector can take a lead by renovating public sector buildings, encouraging renovations in private buildings, improving energy performance of components and appliances used in those buildings, refurbishing public buildings through binding targets, introducing energy efficiency criteria in public spending, and foreseeing obligations to cut energy consumption in whole.

But what are the individual countries and their SAIs' achievements in this field?

In 2015, the SAI of Slovakia performed a combined compliance and performance audit as a part of the INTOSAI WGEA project on energy savings. The audit goal was to assess the fulfillment of tasks by the State according to adopted international agreements and EU legislation, and finally, fulfillment of the long term goal to lower the primary energy consumption by 20 percent by 2020.

In Slovakia, several Ministries and State Administration Institutions have responsibilities for energy efficiency initiatives and energy savings in the public sector. The institution with primary responsibility for managing the public sector energy effectiveness and energy savings in Slovakia is Ministry of Economy. The SAI of Slovakia was not able to audit all of these institutions for lack of resources; but, the audit covered the most important institutions with responsibility for energy efficiency in the country.

The audit was performed in Ministry of Economy, Ministry of Environment, Ministry of Agriculture and Rural Development, Slovak Innovation and Energy Agency, Environmental Fund and Agricultural Paying Agency. The audited timeframe was 2012 – 2014.

The Slovak Republic has adopted and implemented into its legal framework all EU Directives that concern the energy effectiveness and energy savings. The concept of energy effectiveness is being implemented through three-year action plans.

The Ministry of Economy assesses progress in meeting the national targets every year and, if needed, the Ministry amends the targets and

informs European Commission (EC) about those changes. The Ministry has also established a permanent intra-ministerial commission to prepare action plans for energy effectiveness in Slovakia.

The SAI of Slovakia publishes the relevant reports on its web site.

The audit at the Ministry of Economy detected several shortcomings related to the Slovakia's progress meeting the nation's strategic goals and objectives. They were defined as:

1. Financial risks – derived from the system of financing the activities.
  - 1.1 The resources were deemed insufficient, fragmented, and not coordinated. There was no systemic mechanism to support and unite the existing support mechanisms and make provisions for accepting new tools and mechanisms.
  - 1.2 Problematic access to finance energy savings plans and products for municipalities – due to a special legislation (Constitutional Act 493/2011 on Fiscal Responsibility) that sets particular rules for indebtedness applicable in Public Administration and municipalities, some municipalities cannot borrow funds.
  - 1.3 Insufficient sources to finance compulsory renewals of the State Administration buildings that would fulfil the energy savings goals.
  - 1.4 Insufficient use of EU Structural funds. For example, the audit reported shortcomings in the pace of public procurements, low and ineffective use of allocated financial resources by the recipient, and high administrative complexity.
2. Capacity risks – lack of employees in energy savings field.
  - 2.1 With increasing demands on analytical and administrative components of the processes, it would be necessary to increase the number of State employees in the given field. At the time of the audit, there were only 4 people at the Ministry of the Economy to perform analysis, develop legislation, manage the finances, evaluate the programs, monitor spending and administer the program.
  - 2.2 All central organs of the State Administration were experiencing the same problems as described in 2.1 –existing employees having insufficient or poor qualifications and having not adequate time to fulfill the given agenda duties. Also there was a high level of employees attrition that hampered continuity and performance.
- 2.3 Various necessary assessments took too much time due to low level of employees number assigned to the tasks.
- 2.4 The individual State Administration departments are not prepared to accommodate increasing requirements from the energy savings plans stemming from the commitments to the EU.
3. Risks related to assessment of measures in energy effectiveness and progress towards meeting the program goals.
  - 3.1 The energy savings indicators were not always obligatory – the lack of data didn't allow assessing possible savings.
  - 3.2 The accountings for energy savings methods were complicated.
  - 3.3 The Ministry of Economy is not going to be a leader for any operational program in the period 2014 – 2020. And that means it won't have any direct influence to identify energy savings projects that should have priority.
  - 3.4 Great differences were detected in similar projects. Significant disparities were found among various project costs that were identical or almost identical. Financing energy effectiveness founded from public (EU) resources should be equal to those projects in private sector.
  - 3.5 Some European Commission assessment methods and guidance were missing for computing certain calculations.
4. Risks related to translations
  - 4.1 There is no check-up system for *before* and *after* adopting EU regulations. After the adoption of the Lisbon Agreement, the system of delegated regulations came into life (delegated regulation allows European Commission to issue a regulation that is only formally approved by the EU Council/Parliament). If a mistake is found in the translation, the regulations are printed and in force with the misprint corrected ex post in "corrigendum" (with a time lag). The translations were approved by the European Commission without possibility to lodge any submission. This timeline made it impossible to check the correct use of Slovak language in connection to Slovak legislative framework. At present, verifications of the translations is done unofficially among DG Energy, DE



Translation and the Ministry of Economy. There is no guarantee that all regulations will be examined.

Overall, the audit findings also stated, that

- Slovakia breached its duty to provide annual renewal of 3 percent of total heated and cooled space in buildings owned and managed by Government and its bodies;
- To achieve the energy savings policy goals, the Government should systematically use the proceeds from emission trading schemes and revenues as well as excise duties collected from electricity, coal and natural gases sales;
- Resources for funding compulsory reconstruction of the State Administration buildings in period 2014 – 2020 are not sufficient.

To eliminate the detected shortcomings, the auditees approved 27 measures and SAI Slovakia will monitor their fulfillment. The report also found that it may be necessary simplify administrative procedures and tying the governmental support to achieved energy savings.

**For more information contact the Supreme Audit Office of Slovak Republic**

**e-mail:** [info@nku.gov.sk](mailto:info@nku.gov.sk)

**web page:** <http://www.nku.gov.sk>

**Additional Resources:**

**Working Group on Environmental Audits** <http://www.environmental-auditing.org>

**Overall Energy Efficiency Trends and Policies in the EU 27, October 2009** [http://ec.europa.eu/energy/intelligent/projects/sites/iee-projects/files/projects/documents/odyssee\\_mure\\_eu-27\\_overall\\_trends\\_brochure\\_en.pdf](http://ec.europa.eu/energy/intelligent/projects/sites/iee-projects/files/projects/documents/odyssee_mure_eu-27_overall_trends_brochure_en.pdf)



# Inside INTOSAI

## The 14<sup>th</sup> Steering Committee Meeting of INTOSAI WGEA Approved on Project Drafts of 6 Research Projects, 1 Guidance Material Update, 4 ISSAIs Reviews

The Accountability State Authority (ASA) of Egypt hosted the 14th Steering Committee Meeting of INTOSAI Working Group on Environmental Auditing (WGEA) in Cairo, Egypt from September 29, 2015 to October 1, 2015. The meeting was attended by 35 delegates from 15 SAIs.

The goals of the meeting were to discuss and endorse the WGEA work plan 2014 – 2016 including the next steps that need to be taken to finalize the outcome of the working group's projects:

- To discuss and endorse the drafts of 7 research projects, 1 guidance material update, and 4 ISSAI.
- Other issues such as the improvement of the cooperation between INTOSAI WGEA and Regional WGEA (RWGEA) and the progress of

WGEA Secretariat including the its achievement and the future activities.

- Possible activities to be included in the next Work Plan of 2017-2019.

Harry Azhar Azis, Ph.D., the Chairman of BPK and Chair of the WGEA, emphasized the importance of maintaining the balance between economy, ecology and social aspects in managing economic activities especially ones that use the most natural resources in order to keep the development sustainable. He also stated that certain environmental issues have become a global problem that Supreme Audit Institutions can work together as community through cooperative audit, joint research, updating audit guidance and sharing experience on environmental audits.

At the global level, the INTOSAI Working Group on Environmental Auditing was established to encourage the use of audit mandates and audit instruments in the field of environmental protection policies, by both members of the Working Group and non-member SAIs. The Chair, Dr. Harry Azhar Axis, was given assurances that the outcomes of the meeting would be to develop useful products for INTOSAI WGEA and to begin development of its next work plan for 2017-2019.

The President of ASA Egypt, Counselor Hesham Genena also welcomed the delegates and said the meeting was a unique occasion to exchange views and share experience between SAIs from all over the world to handle trans-boundary environmental issues. He further noted that the meeting would form strong bonds between the SAI members and experts as they have mutual interest on certain environmental issues.



The Delegates of the 14<sup>th</sup> Steering Committee Meeting of WGEA in Cairo, Egypt

### The output of the 14th Steering Committee Meeting of INTOSAI WGEA

The 14th Steering Committee Meeting of INTOSAI WGEA resulted in the following outputs:

1. The Steering Committee approved the drafts of projects consisting of 6 research projects, 1 guidance material update and 4 ISSAI Reviews. The research project will be submitted to the Secretariat by December 2015;
2. The implementation of the Third International Training program at the Global Training Facility in Jaipur, India will be conducted on November 17-30, 2015;
3. The Greenlines publication was issued in December 2015;
4. The Steering Committee discussed and considered several possible issues and activities to be included in the next Work Plan 2017-2019.
5. The 17th INTOSAI WGEA assembly meeting will be held next year on October 2016. The host of the meeting will be announced later.

The next step to be undertaken are:

1. The Project Leaders will submit the final draft based on the Egypt's meeting input to the Secretariat by mid December 2015. The Secretariat will send the final draft to all Steering Committee Members for final approval by the end of January 2016. Final outputs of the projects are expected to be finished by the end of April 2016.
2. With regards to the development of the next Work Plan of 2017-2019, the Secretariat will define the objectives of each possible issues and activities based on the result of the meeting and 8th Survey. The draft of the Work Plan will be sent to all Steering Committee members for inputs and will be presented during the next 17th Assembly meeting in 2016.

# The Declaration of Paris

## Ten Supreme Audit Institutions signed the Declaration of Paris

At the initiative of the French and the Chilean Supreme Audit Institutions (SAI), ten SAIs with jurisdictional functions, gathered in Paris on November 13, 2015, and adopted a joint declaration, in the presence of several other observant SAIs.

Under the auspices of the Working Group on “Value and Benefits of SAI (WGVBS) within the Knowledge Sharing Committee (KSC), some SAIs members with jurisdictional functions (Peru, Chile, France), benefited from the opportunity to create a framework for communicating and promoting the value and benefits of their model. With the support of WGVBS, a group was formed. The group was composed of SAIs from Brazil, Spain, Italy, Portugal, Morocco, Tunisia, Turkey and Peru was initially to collect information on best practices implemented by the jurisdictional SAIs, their independence in the processes of judging accounts and the subsequent determination of responsibilities in the management of public funds. This was an important step toward an international acknowledgement precisely on the “value” and “benefits” of an audit organization with additional authority to impose sanctions.

## Emphasizing the inherent values of the Jurisdictional Model

This first gathering of the fifteen delegations was the starting point of a common ambition.

The challenge was to demonstrate that the principles governing our SAIs, far from obsolete, constitute a coherent set to fully ensure independence. The three discussion panels of the Forum focused on: the SAI’s position in the State and its Relationship with Constitutional Powers, the SAI’s Jurisdictional Mission: Importance and Scope, and the positioning of the Prosecution.

As a result of this meeting, the group of SAIs identified the foundation for a joint declaration. The tenets of that foundation include the following elements:

- a jurisdictional SAI works alongside other institutions, mainly the Parliament, and enjoys the constitutional guarantee of its independence. Furthermore, multiple mechanisms contribute to its financial and programming autonomy.

- The role of financial specialized judge is effective and not limited to the sanctioning of accounting irregularities.
- An independent public prosecution office ensures to the Jurisdiction a fair enforcement of the Law.

## The Declaration of Paris, a New Start

The Declaration of Paris constitutes a major step for SAIs with jurisdictional functions. The declaration defines the jurisdictional function and a common understanding of its core values.

- independence bound to the jurisdictional status,
- legality of audit procedures and enforceable standards,
- the search for objective evidences,
- respect of the right of the people,
- transparency and fairness in the proceedings, and
- a strong culture of accountability.

As a closing statement, First President Didier Migaud expressed the wish to hold “a plenary periodic meeting to discuss and exchange”. This proposal was adopted, the location for the next meetings was set thanks to the Turkish SAI. Importantly, the SAIs settled on a theme for the next meeting: tools used by SAIs with jurisdictional function to fight against fraud and corruption.

Mr. Migaud announced that Paris Declaration will be presented and signed by the Forum members during the XXII<sup>nd</sup> Congress of the INTOSAI. The Forum is eager for other similar SAIs to join it in the promotion of those values.

**The full Paris Declaration can be found here:**  
<https://www.ccomptes.fr/content/download/87975/2100818/version/2/file/20151113-Paris-Declaration-SAIs.PDF>



# The Second Young EUROSAI Conference (YES 2.0) - Conclusions and Recommendation

## 9-12 November 2015, Israel



by the Office of the State Comptroller and Ombudsman of Israel

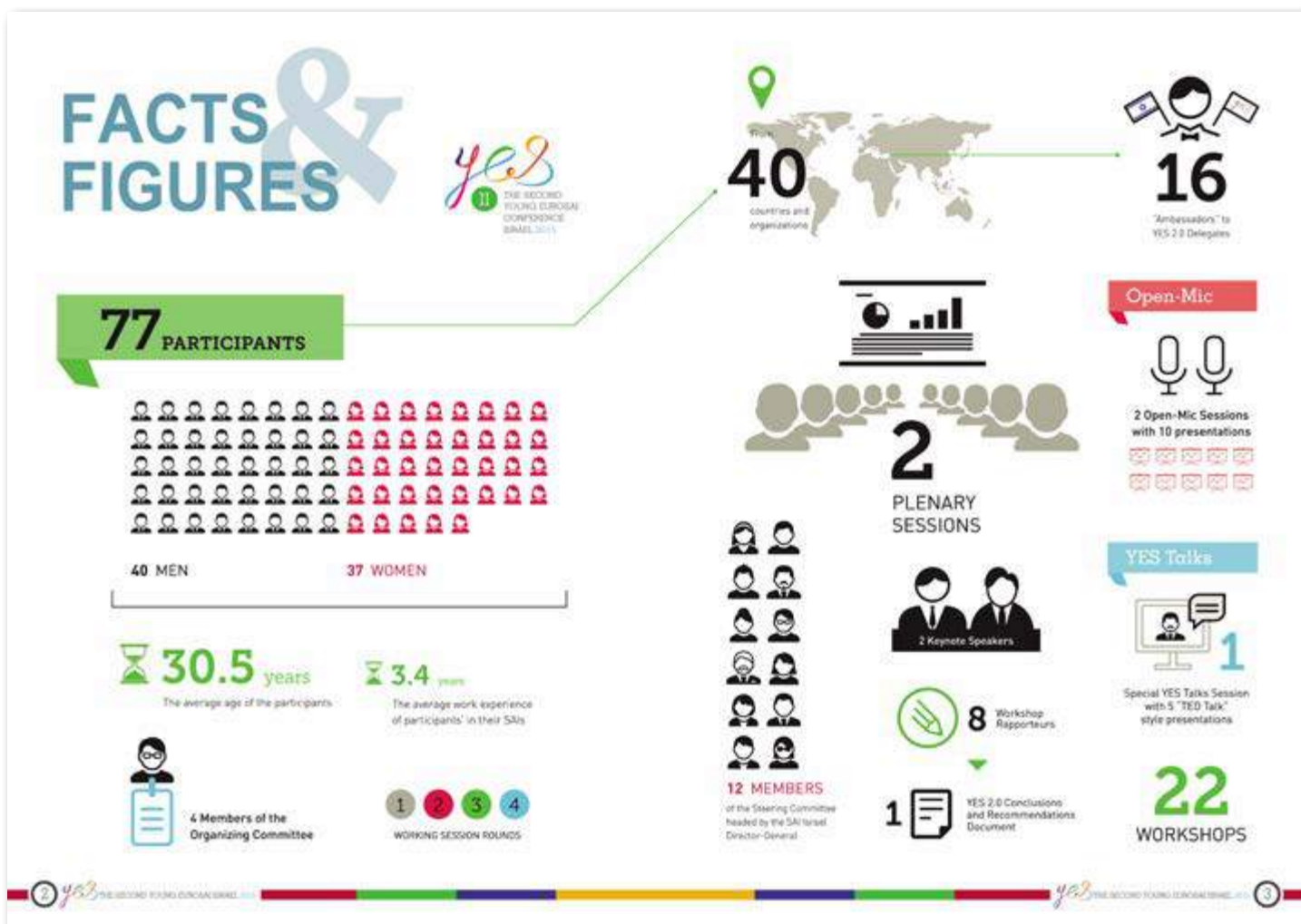
The Second Young EUROSAI Conference (YES 2.0), held in Jerusalem, Israel, from November 9 - 12 2015, under the theme of Supreme Audit Institutions and the Individual (SAI&I).

The world today is both challenging the public audit field and offering it remarkable opportunities. We are witnessing outstanding technological revolutions that affect all aspects of our lives. New technologies bring new ideas. Changes are reshaping our society, and the relationship between the individual, the community and the State. New technologies

empower the individual in society. We live in “the Age of the Individual”.

The above technological and social developments raise basic questions regarding the fulfilment of our mission as Supreme Audit Institutions in the societies in which we operate.

YES 2.0 granted 74 young auditors (34 women and 40 men, with an average age of 30) from 40 SAIs and organizations the opportunity to contemplate, discuss, debate, exchange and present fresh questions.



The conference focused on problems, ideas, successes and failures - as well as possible solutions - regarding:

- **The public effect** – namely, how SAIs can make a difference to and improve the lives of individuals;
- **The professional effect** – how SAIs’ work impacts individual employees and officials of audited bodies and how SAIs’ audit employees interact with them;
- **The personal effect** – the auditors as individuals working in a unique organizational environment.

YES 2.0 was unusual in form: A great diversity of means and tools was employed in order to achieve the best inquiry into the Conference’s central theme, including a special “YES Talks” session with 5 "TED Talk"-style presentations. The vast majority of participating SAIs organized one or more workshops or presentations, sometimes in collaboration between two or more SAIs.

Furthermore, we invited the leaders of the European public auditor community to the Second Young

EUROSAI Conference. Senior representatives of the Netherlands, the Czech Republic, Spain, Estonia, Finland headed by the President of EUROSAI and President of the Netherlands Court of Audit, Mr. Arno Visser, attended the accompanying events. It was an exceptional opportunity for them to absorb the special atmosphere of YES and learn from the younger generation. And in the words of the President of EUROSAI Mr. Arno Visser: *"I was excited by the level of energy that the YES participants not only brought into the meeting, but that was also generated by the meeting. This made the event absolutely inspirational. What also impressed me was the diversity of workshops offered by the participants themselves. It shows that we as EUROSAI members have valuable lessons to offer to each other and that we can organize modern ways of knowledge sharing in an innovative and inspiring way. The meeting was excellently hosted by the SAI Israel, who offered an exciting program focusing on the theme SAI&I. If your office sent a representative to the conference I would like to thank you for your organization’s contribution. And if your institution was not able to participate, you have truly missed something!"*

## Conclusions

### The public effect

**THE PUBLIC EFFECT**

**Considering that -**

- We are in the midst of a sweeping technological and social revolution highlighted by an "information explosion" and exponential growth in data. In this era, more than ever, the public seeks the most relevant and reliable data.
- Younger generations reveal impatience as regards long textual reports and complex analysis.
- National social groups are coalescing into international ones, sometimes organized within virtual social networks. The concept of the nation-state is being deconstructed.
- The growth in the importance attached by society to human rights in general and the needs and interests of vulnerable groups, in particular, is affecting the social landscape.
- Sustainability issues are cross-cutting and cross-border, but also have an effect on the individual's everyday life, and on society as a whole.
- Accountability and a result-driven approach have become a main public expectation from any entity that affects people lives.

**Recommend that -**

- A strong emphasis be put on capacity building in the areas of communications strategy, New Media, online social networks, conveying complex ideas by using simplified tools, such as infographics.
- SAIs find ways to empower citizens and strengthen citizens' involvement and influence by engaging them in the audit process.
- SAIs reshape their role to include the promotion and protection of human rights, and vulnerable groups in society. To this end, they should develop the required professional criteria and standards.
- Sustainability issues should often be included in audits.
- SAIs should develop tools to measure their performance, and publish an accountability report.

## The professional effect

# THE PROFESSIONAL EFFECT

*Considering that -*

- 

Modern public administration is characterised by vast complexity, on the one hand, and a very narrow specialisation by its various units, on the other hand.
- 

Most information created by audited bodies is digital and accessed using online devices; sometimes data is stored outside the physical premises of the audited body.
- 

The vast amount of data produced by audited bodies grows exponentially and requires the use of Big Data "digging" tools, potentially compromising the right to privacy of officials and audited bodies' employees.

*Recommend that -*

- 

New skills and specialisations in the field of information gathering, handling and analysis become part of the SAI skillset in order to cope with the complexity and interdisciplinary nature of the audited bodies.
- 


SAIs make use of new computer programs designed to deal with vast amounts of information.
- 

SAIs should develop new work methods suitable for dealing with huge amounts of information while compromising as little as possible the privacy of the audited bodies' employees.


## The personal effect

# THE PERSONAL EFFECT


*Considering that -*


- 

Ethical aspects of audit work and auditors' conduct have a profound impact on the efficacy of auditor-auditee relations as well as the auditor's public status.
- 

Generation Y auditors ask "what's in it for me" and look for personal impact and gain. They also challenge formalities, and tend towards informal working processes and communication inside their own SAIs, and with the workers of audited bodies.
- 

A family-friendly work environment (e.g., flex-time and working from a remote location) is essential in increasing both employee identification and job satisfaction resulting in enhanced productivity.
- 


Young auditors use high-tech devices in many aspects of their personal, as well as their professional, lives. In places where the use of these devices is uncommon, they might feel restrained and frustrated.
- 

Experimenting in new working processes can help SAIs & auditors improve & develop and that failures are part of the process.
- 

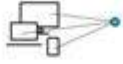
Sharing ideas between young auditors of different SAIs, and debating common challenges, are a key element in the learning and improvement process of young auditors.


*Recommend that -*


- 

Ethical aspects of audit work and auditors' conduct be reviewed, and customised if necessary.
- 

SAIs put more emphasis on Generation Y auditors' needs, ideas, and conduct. High level audit management should be open-minded and encourage young auditors' to initiate new audit topics and new ways to tackle the audit work. Special consideration should be given to programs for the promotion of young leaders, and to modifications that will promote a family-friendly work environment.
- 

Informal working process and ways of communication should be encouraged.
- 

High-tech devices must be integrated as much as possible into the everyday working processes of SAIs.
- 

Failures are a natural part of the learning process, and should be accepted as such even in a "zero error" cultural mindset.
- 

SAIs should encourage cross-border interactions between young auditors of different SAIs.

In coming years, SAIs will be compelled to cope with the challenges, opportunities, difficulties and risks arising from the technological and social developments thoroughly discussed and debated at YES 2.0. Accordingly, YES 2.0's participants present the following Conclusions and Recommendations. We strongly believe that they should serve as a source of inspiration for all EUROSAI and INTOSAI activities.

**Therefore YES 2.0 recommend that:**

- EUROSAI's young movement should be continued - YES Conferences should take place on a regular basis, every two or three years.
- A permanent framework, such as a EUROSAI Young Leaders' Task Force, should be set up to deal with the aforementioned challenges and risks faced by SAIs, especially in the areas of delivering the Message in the New Media Age; Big Data and Privacy; Citizens' Engagement and Involvement in the Audit Process; Recruitment, Training and Career Development of the next

generation; Promotion and Protection of Human Rights and Vulnerable Groups.

- EUROSAI, as an organization that leads by example, should strive to create, as part of INTO-SAI, a global community of young colleagues.

Since the extremely successful first Young EURO-SAI Conference held in Rotterdam in November 2013, a network of young colleagues has taken its first steps. YES 2.0 continued the on-going building of the Young EUROSAI professional community and created a firm foundation for further actions and boundaries expansion of the young professional community. Accordingly, we are pleased to update that the third edition of YES conference will be held in Estonia in 2017 and in the words of the President of EUROSAI: "*If your office joined the meeting in Israel, you will be convinced to attend again, if not, do not miss out next time!*"



# EUROSAI Task Force on Audit And Ethics (TFA&E) Seminar on Methods and Measuring Tools To Audit Ethics

A seminar of EUROSAI (European Organization of Supreme Audit Institutions) Task Force on Audit and Ethics was hosted by the Turkish Court of Accounts (TCA) on November 26-27, 2015 at Gölbaşı Training and Social Facilities of the TCA. Representatives from AFROSAI-E, Albania, Bulgaria, Czech Republic, Moldova, Poland, Spain and SIGMA participated in the seminar along with the representatives from the General Directorate of Land Registry and Cadastre, Prime Ministry Council of Ethics for Public Officials and TCA from Turkey.

Within the scope of the Seminar, presentations were made to the auditors of the TCA on November 27, 2015. Following the speech of the TCA President Assoc. Prof. Dr. Recai AKYEL, Jacek Jezierski, former President of EUROSAI and head of the Polish SAI, and Tzvetan Tzvetkov, President of the Bulgarian SAI informed the professional staff of the TCA about the decisions taken in the seminar of the Task Force on Audit and Ethics.

## Memorandum of Understanding Was Signed with INTOSAI Development Initiative (IDI)

A delegation from the Turkish Court of Accounts (TCA), headed by the President of the TCA, Assoc. Prof. Dr. Recai AKYEL conducted a study visit on October 12-14, 2015 to the INTOSAI Development Initiative (IDI) in Oslo, Norway, The visit focused on negotiations for developing the cooperation between

the two entities. Within the scope of the visit, the delegation visited the Chairman of the IDI Board and Auditor General of Norway, Per-Kristian Foss. Common work areas were determined between the TCA and IDI and a Memorandum of Understanding was signed for developing cooperation in those areas.

## INTOSAI Working Group Meeting Was Held in Ankara

A Joint Meeting of the Subgroups 1 and 2 of the INTOSAI Working Group on the Fight against Corruption and Money Laundering (WGFACML) was hosted by the Turkish Court of Accounts (TCA) at the Gölbaşı Training and Social Facility. The meeting

took place with the participation of representatives from Germany, Austria, Czech Republic, Ecuador, Malaysia, Namibia, Poland, Russia and Turkey on July 28, 2015. Lasting for three days, the meeting ended on July 30, 2015.

# State Audit Office of Vietnam on the Road Map of Handling Leading Responsibilities in ASOSAI Community

After being elected as the host SAI of the 14th ASOSAI Assembly in 2018 during the 13th ASOSAI Assembly in Malaysia, State Audit Office of Vietnam (SAV) developed an Action Plan to assume the role of ASOSAI Chairman and member of ASOSAI Governing Board during the term 2015-2024. Accordingly, a Steering Committee was set up to handle SAV's responsibilities. The Steering Committee comprised of the Auditor General as its Chairman and the other members including Deputy Auditors General and Directors General of Governing Advisory Departments.

On December 4, 2015, the Steering Committee approved a Working Program to implement ASOSAI Action Plan with core tasks to be completed by the

end of 2016. These tasks include: (i) prepare human resources for implementation of ASOSAI Action Plan; (ii) report to and coordinate with ASOSAI Secretariat on the preparation for hosting ASOSAI 14th Assembly; (iii) propagate and disseminate information about ASOSAI and ASOSAI Action Plan within and outside the organization; (iv) develop project on hosting ASOSAI 14th Assembly and (v) build and monitor the performance of ASOSAI 14th Assembly's website.

A detailed timeline for each activity has already been formulated, showing the SAV is committed to ensuring the effective and prompt implementation of tasks required to host the Assembly.

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## Meet the People Dedicated to Strengthening INTOSAI's Standard Setting

by Nanna Schnipper, PSC Secretariat

One of the recommendations made in the PSC's report on the evaluation of INTOSAI's standard setting called for the establishment of a common forum, whose primary task would be to consider and propose how the ISSAI Framework can be further developed by providing clearer distinction between auditing standards, other standards (requirements), guidelines, best practice documents, etc. covering both auditing, ethics, independence and capacity development. The group will also provide directions on the format and quality requirements for each of these different categories of documents. On the longer term, the forum will be the single gateway for standards and guidance into the framework, with the aim of ensuring a higher

quality and coherence in the ISSAI framework compared to today.

### Who are the members of the forum?

The members of the forum were selected in close collaboration with the chairs of the Capacity Building Committee (CBC) and the Knowledge Sharing Committee (KSC) and the entire selection process stretched from February 2015 to September 2015. 82 professionals responded to the open call for candidates that was sent to all members of INTOSAI and based on personal interviews with a good twenty of these the PSC, CBC and KSC chairs selected the final 15 members of the forum and the chair.

## The Common Forum in Pretoria, South Africa (February 2016)



**Front row:** Berri Davis (SAI USA), Ganga Kapavarapu (SAI India), Josephine Mukomba (AFROSAI-E), Aleksandra Popovic (SAI Sweden), Shelmadene Petzer (SAI South Africa). **Middle row:** Greg Schollum (SAI New Zealand), Kristoffer Blegvad (SAI Denmark), Jens Gunvaldsen (SAI Norway), Einar Gørrissen (IDI), Novy Pelankahu (SAI Indonesia). **Back row:** Khalid Hamid (SAI UAE), Saharuddin Mahamud (SAI Indonesia), Stuart Barr (SAI Canada), Richard Bellin (SAI France), Neil Usher (European Court of Auditors). **Not present:** Alhassane Baro (SAI Senegal)

In the selection process, particular emphasis was put on the individual members' professional expertise and prior experience with standard-setting and capacity development. Furthermore, when selecting the members for the forum, it was a key priority for the Chairs of the PSC, CBC and KSC that the forum as a whole would include members with financial, performance and compliance audit expertise, representatives from different SAI models, a reasonable gender spread and inclusion of as many regions as possible.

### Progress so far

Under the leadership of Ganga Kapavarapu the forum has already made significant headway. After the forum was established in October 2015, it had its first meeting in New York City and Washington DC, USA in December the same year. Its second meeting was hosted by the SAI of South Africa in Pretoria in February 2016. The contours of a new and improved ISSAI Framework are now beginning to emerge and the forum is planning to present a proposal for re-structuring the ISSAI framework in connection with INCOSAI later this year.

There have been ongoing contact between the forum and the Chairs of the PSC, CBC and KSC, and so far, all parties are very happy with the work done by the forum, and see a great potential for the

forum in taking INTOSAI's standard-setting to the next level. At INCOSAI 2016, the Chairs of the PSC, CBC and KSC will ask INTOSAI's Governing Board to endorse that the forum becomes a permanent body in INTOSAI.



**Ganga Kapavarapu (SAI India)**





# IDI Update

IDI Update keeps you informed of developments in the work and programs of the INTOSAI Development Initiative (IDI). To find out more about the IDI and to keep up to date between editions of the Journal visit the IDI website: <http://www.idi.no>

For information related to the ISSAI Implementation Initiative (3i Programme), please visit <http://www.idicommunity.org/3i>

## IDI Board Meeting held in Oslo

The IDI Board met in Oslo on March 10, 2016 for its first meeting of the year. The Board approved the 2015 Annual Performance and Accountability Report detailing the performance of the IDI during 2015. During the year, the IDI delivered sixteen capacity development program across the INTOSAI regions in English, Arabic, French and Spanish. 1106 participants from 145 SAIs took part in the program. The Board's Annual Report and IDI Financial Statements for 2015 were also approved. The Board also deliberated on other issues including the IDI Corporate Risk Register, the Program plan for the third phase of the INTOSAI-Donor Cooperation, post 2016 administration of SAI PMF and implementation of the recommendations from the IDI Governance Review. As part of the follow up on the IDI Governance Review, the composition and revised statutes of the IDI Board and the revised Rules of Procedure of the Board were discussed. Ms. Francine Giskes, Vice President of the Netherlands Court of Audit was appointed as a new Board Member in place of the outgoing member Mr. Arno Visser, President of the Netherlands Court of Audit through March 2017. The terms of Mr. Michael Ferguson, Auditor General of Canada and Ms. Mildred Chiri, Auditor General of Zimbabwe were also extended for one year to December 2016 pending the reorganization of the Board in accordance with the of the IDI Governance Review.

## INTOSAI-Donor Steering Committee Leadership teleconference conducted

The INTOSAI-Donor Steering Committee Leadership teleconference was held on January 20, 2016. The progress of development of the Program Document for the INTOSAI-Donor Cooperation was reviewed. The post 2016 strategy for SAI PMF was also deliberated. The leadership, and CBC as observers, expressed their support for the approach involving establishing a SAI PMF function within the IDI. This would be further discussed and decided on at the March IDI Board meeting.

## ISSAI Implementation Initiative (3i Programme)

### 26 iCATs reviewed in OLACEFS

At the iCAT review meeting held in the Dominican Republic from December 7-11, 2015, 26 iCATs from 11 SAIs were reviewed by experts and regional resource persons. The SAIs are now in the process of modifying their iCATs and formulating ISSAI implementation strategies.

### Auditing Externally Funded Projects in Agricultural and Food Security Sector

- a. Design Meeting for Financial and Compliance Audit conducted

This meeting was held in Zambia from November 30 to December 11 2015. The meeting resulted in the development of guidance and structured courseware for supporting SAIs in conducting ISSAI based financial and compliance audits of externally funded International Fund for Agricultural Development (IFAD) programs. Nine resource persons from the SAIs of Sierra Leone, Zambia, Tanzania, Rwanda, Namibia, Malawi, AFROSAI-E, IDI and an observer from IFAD participated in the meeting.

- b. Training and Audit Planning Workshop for seven SAI teams

Seven SAI teams consisting of 21 participants were trained in conducting ISSAI based financial and compliance audits of externally aided projects. While SAIs of Sierra Leone, Malawi and Zambia have developed audit plans for financial and compliance audits, the other SAI teams will develop such plans after June 2016, as per their audit cycle.

### Support for INTOSAI Regions, Networks and Communities

- a. IDI-ASOSAI Meeting with SAI Management & key stakeholders





**Participants at the Audit Planning Workshop in Tanzania**

SAI Heads and senior management from 18 SAIs in ASOSAI met in Jakarta, Indonesia from December 9-11, 2015 to discuss IDI Portfolio of eight Programs; SAI experiences; initiatives and challenges; and identify SAI's priorities. The IDI also organized a session on INTOSAI competency framework to update participating SAIs on the progress of work and thinking around INTOSAI Certification for Auditors. Representatives from the ASOSAI Secretariat and ASOSAI Training Administrator also participated in the discussions.

**b. IDI-ARABOSAI Meeting with SAI Management & key stakeholders**

The meeting for ARABOSAI region was held in Kuwait on February 8-9, 2016. The Heads and Senior Management from 15 SAIs in the region met to discuss IDI Portfolio of eight Programs; SAI experiences; initiatives and challenges; and identify SAI's priorities. The IDI also organized a session on INTOSAI competency framework to update participating SAIs on the progress

of work and thinking around the INTOSAI Certification for Auditors. Representatives from the World Bank, UNDP, and the ARABOSAI Secretariat also attended. The SAIs selected their prioritized programs and agreed on the statement of commitments to be signed for the programs that they will participate in.

### **IDI's Bilateral Support Programmes for SAIs**

#### **Bilateral Support to SAI Somalia: iCATs review workshop conducted**

The draft iCATs developed by the SAI Somalia teams were reviewed from February 1-5, 2016 in Addis Ababa, Ethiopia. A team of resource persons from the SAIs of Namibia, Uganda and the IDI reviewed the iCATs in Compliance and Financial Audits. Discussions were also held on the development of the Study Design Matrix for the first Performance Audit being undertaken by the SAI of Somalia.



SAI PMF team involved in the assessment of SAI, Cook Islands

## SAI Performance Measurement Framework

### SAI PMF version 3.1 tested in Cook Islands and Sierra Leone

The SAI PMF version 3.1 was tested in the Cook Islands Audit Office, and the Audit Service of Sierra Leone. Both assessments were repeat assessments. The assessment teams consisted of members from the INTOSAI-Donor Secretariat, a staff member from PASAI and a staff member from SAI, Sierra Leone.

### Stakeholder communication through IDI's participation in meetings

The IDI engaged with its stakeholders by participating in several meetings organized by its stakeholders.

The IDI attended the 50th ASOSAI Governing Board Meeting in Chiang Mai, Thailand on February 15-16, 2016. The IDI-ASOSAI cooperation during 2015 and the plans for 2016-2018 were showcased during this meeting. On the sidelines of the Governing Board, the IDI also participated in the ASOSAI Capacity Development Committee Meeting. A tripartite meeting was also held between the IDI, the ASOSAI Secretariat/SAI of Korea; and the ASOSAI Training Administrator/SAI of Japan

on facilitation of capacity development support for ASOSAI region by the IDI. The IDI also met with the ASOSAI Task Force for Strategic Planning to discuss implementation of the new ASOSAI Strategic Plan and development of Performance Measurement Indicators for the strategic plan.

As part of the centenary celebrations of SAI of Thailand at the International Symposium on National Integrity System on February 18-19, the IDI participated in the discussions along with several other organizations.

The IDI attended the INTOSAI Financial Audit Sub Committee Meeting in Abu Dhabi from February 24-25, 2016. The IDI presented its current initiatives, 3i Phase II Program, updating of the Financial and the focus on cooperative audit and SAI level support for implementation of ISSAIs.

## Contacting IDI

To discuss any of the issues presented in this edition of the IDI Update, please contact us:

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# INTOSAI-Donor Cooperation Update



## INTOSAI-Donor Cooperation Programme Document phase 3 approved

In February, the INTOSAI-Donor Steering Committee (SC) approved the Program Document for phase 3 of the Cooperation. It was developed by a working group established at the 8th SC meeting which consisted of the European Commission, SECO, IDI and the INTOSAI-Donor Secretariat.

Based on the achievements of the Cooperation to date, the findings of the external evaluation and the discussions at the 8th SC meeting, the Program Document presents the planned scope and strategic direction of the Cooperation during 2016-2018. The results of a number of working groups established at the 8th SC meeting will be incorporated into an updated Program Document for consideration by the SC at its 2016 Annual Meeting.

The Cooperation's program objective is to *optimize the joint efforts of INTOSAI and Donor partners in enhancing the capacity of SAIs in developing countries*. This is sought to be achieved in phase 3 through the following key results:

1. Enhanced financial support for capacity development of SAIs in developing countries
2. Enhanced quality of knowledge on SAI development initiatives and performance
3. Enhanced tools and capacity development approaches
4. Increased awareness of the Cooperation and the needs of SAIs in developing countries
5. Strengthened donor and INTOSAI coordination and collaboration on SAI capacity development

The Program Document further presents a number of outputs which each comprise various activities. These will be defined in detail as part of annual work programs. The full Program Document is available here (<http://www.idi.no>).

## Support to SAIs is increasing

The INTOSAI-Donor Cooperation seeks to improve SAI performance through scaling-up and increasing the effectiveness of support to SAIs. Based on an analysis of the projects registered in the SAI Capacity Development Database (<http://www.saidevelopment.org>), the moving three year average annual financial support for the benefit of SAIs in ODA eligible countries has increased from US \$62 million in 2014 to US \$68 million in 2015. While there is some uncertainty attached to these figures, they give a strong indication that the support provided to SAIs globally is increasing.

To increase the completeness and accuracy of the data in the database, the INTOSAI-Donor Secretariat has worked on updating the information, including cross-checks with the 2014 Global Survey and donor databases. It is important for the accuracy of the information that users continue to check if the figures on the financial support to SAIs from their institutions are correctly registered in the database.

### New functions in the database

New functions have been added to the database so that users can register and edit information as accurately as possible, such as:

- More descriptive options to register the status of a project

- Several beneficiaries can now be selected for one regional or global project as shown in the picture below
- Details on the global and regional initiatives in which the SAI is participating are displayed.



For regional and global programs beneficiaries can now be selected when registering, and details of global and regional initiatives where this SAI is participating are displayed accordingly

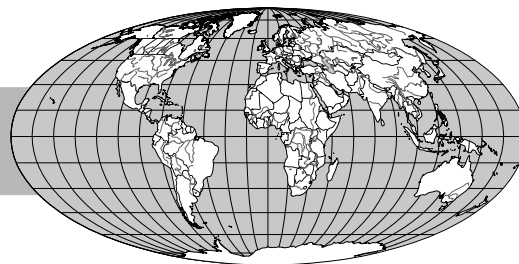
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# INTOSAI 2016 Events



June	July	August
<p>13-14 XXXIVth (44th) EUROSAI Governing Board Meeting ECA, Luxembourg</p>	<p>4-6 WGPD – Meeting of Working Group on Public Debt Nanjing, China</p> <p>20 Meeting of the FAC Task Group INTOSAI Certification of Auditors Washington D.C., United States of America</p> <p>21-22 2nd Meeting of the Task Force on INTOSAI Statutes SCEI - Meeting of the INTOSAI Standing Supervisory Committee on Emerging Issues FAC – 13th Meeting of the Finance and Administration Committee Washington D.C., United States of America</p>	<p>2-5 19th PASAI Congress Pohnpei, Micronesia</p> <p>24-26 WGEI – 3rd Meeting of the Working Group on Audit of Extractive Industries, Mombasa, Kenya</p> <p>29-31 WGVBS – 9th Meeting of the Working Group on Value and Benefits of SAIs Arusha, Tanzania</p>
September	October	November
<p>7-9 KSC – 7th Meeting of the Steering Committee of the Committee on Knowledge Sharing and Knowledge Services, Mexico City, Mexico</p>	<p>3-5 CBC – Meeting of the Steering Committee of the Capacity Building Committee Cape Town, South Africa</p> <p>5-6 IDSC – Meeting of the Steering Committee INTOSAI-Donor Cooperation Cape Town, South Africa</p> <p>17-21 XXVIth General Assembly of OLACEFS Punta Cana, Dominican Republic</p> <p>24-27 WGEA - 17th Meeting of the INTOSAI Working Group on Environmental Auditing Jakarta, Indonesia Services, Mexico City, Mexico</p>	
December		
<p>7 68th INTOSAI Governing Board Meeting, Abu Dhabi, United Arab Emirates</p> <p>8-11 INCOSAI XXII, Abu Dhabi, United Arab Emirates</p> <p>11 69th INTOSAI Governing Board Meeting, Abu Dhabi, United Arab Emirates</p>		

*Editor's Note:* This calendar is published in support of INTOSAI's communications strategy and as a way of helping INTOSAI members plan and coordinate schedules. Included in this regular *Journal* feature will be INTOSAI-wide events and regionwide events such as congresses, general assemblies, and board meetings. Because of limited space, the many training courses and other professional meetings offered by the regions will be included according to space available. For additional information, contact the Secretary General of each regional working group. For contact information visit <http://www.intosai.org/regional-working-groups.html>

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