



# INTERNATIONAL JOURNAL

— OF GOVERNMENT AUDITING —

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# INTERNATIONAL JOURNAL

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Given the *Journal's* use as a teaching tool, articles most likely to be accepted are those that deal with pragmatic aspects of public sector auditing. These include case studies, ideas on new audit methodologies, or details on audit training programs. Articles that deal primarily with theory would not be appropriate. Submission guidelines are located at <http://www.intosaijournal.org/aboutus/aboutus.html>

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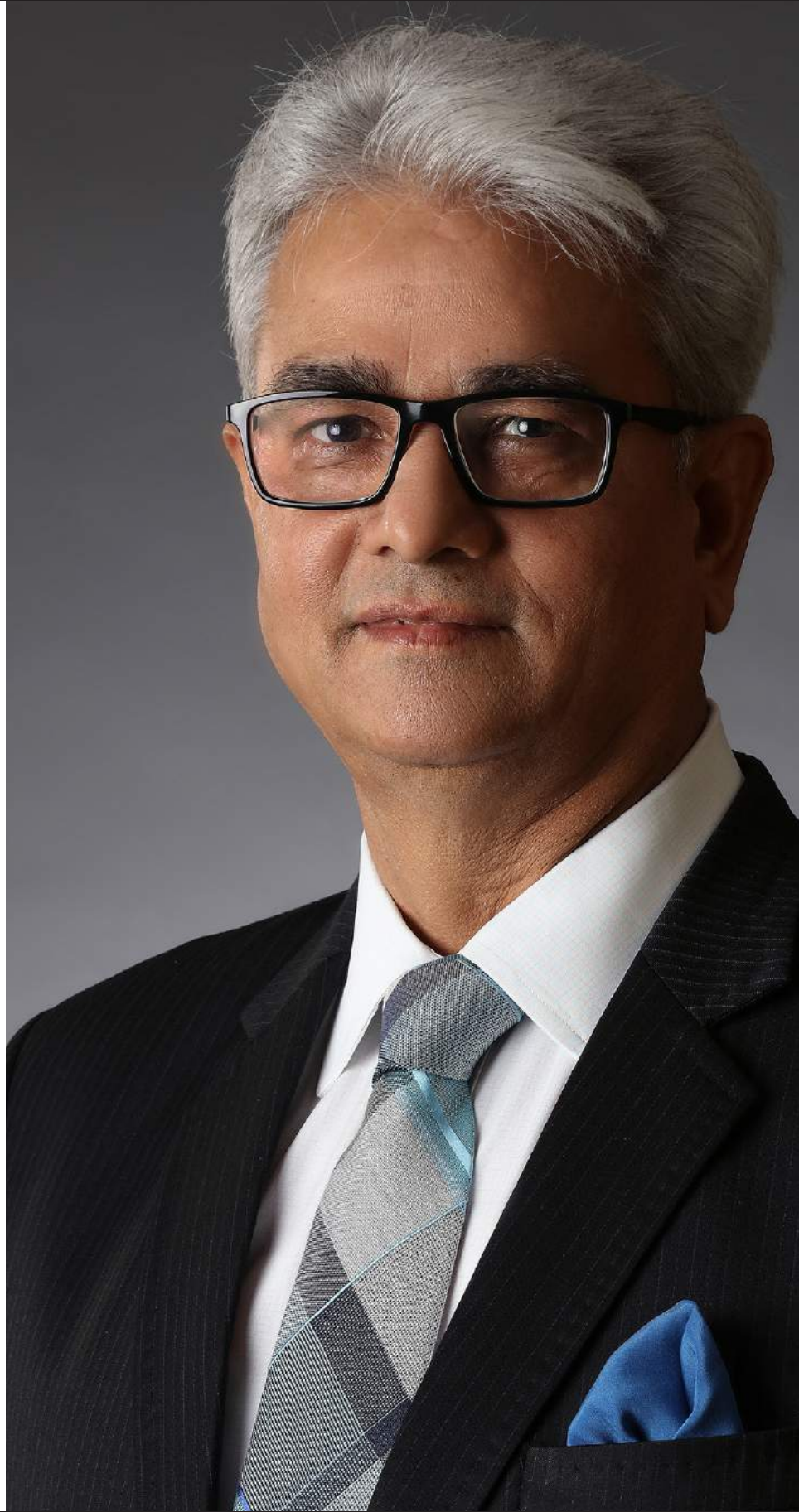
# KNOWLEDGE DEVELOPMENT AND SHARING: THE KEY TO SUCCESS

*by Mr. Shashi Kant Sharma, Comptroller and Auditor General of India and Chair of the INTOSAI Knowledge Sharing and Knowledge Services Committee*

The International Organization of Supreme Audit Institutions (INTOSAI) value chain consists of knowledge development and standards setting; capacity development; knowledge sharing; and assessment and feedback. The Knowledge Sharing Committee (KSC) plays a key role in the value chain by contributing to knowledge development and knowledge sharing components.

While the Professional Standards Committee (PSC) and its sub-committees contribute to knowledge development by preparing standards on the three main streams of audit, the KSC working groups and task forces contribute by developing subject matter specific guidance for the INTOSAI Framework for Professional Pronouncements (IFPP). For instance, six new and four revised pronouncements prepared by KSC working groups were adopted at INCOSAI 2016 as part of the then ISSAI framework.

The KSC and its working groups facilitate knowledge sharing through the exchange of Supreme Audit Institution (SAI) experiences at annual meetings; organizing seminars and symposiums on select topics; publishing newsletters and journals; maintaining a compendium of SAI audit reports; and via the INTOSAI Community Portal.



As Chair of the KSC, I am privileged to share with you some key initiatives with which the KSC has been involved in the last three years:

- In cooperation with the INTOSAI Development Initiative (IDI), the KSC developed the INTOSAI Community Portal as a tool for knowledge sharing in 2015. The Portal has several attractive features, including Communities of Practice, blogs, library, polls, surveys, gallery and news. As a part of continuous improvement, we have started the process to revamp the portal by making it available in all official INTOSAI languages, improving its portability and providing for online chats. The transformed portal is expected to be ready by the end of the year, and our aspiration is to make it a single window of access for all knowledge related services.
- The KSC has been identified in the INTOSAI Strategic Plan 2017-22 as the hub for INTOSAI's efforts to share knowledge regarding SAI support and contributions to Sustainable Development Goal (SDG) follow-up and review. Acknowledging this recognition, the KSC has collaborated with the IDI and launched a comprehensive capacity development program on "Auditing the Implementation of SDGs." The program's key component—the cooperative audit program to audit SDG implementation preparedness—is underway. Once the cooperative audit program is completed, lessons learned and a collection of audit findings will be prepared by 2019.
- Appreciating the radical changes that Big Data might usher in the functioning of SAIs, a new Working Group on Big Data under the KSC was approved at INCOSAI 2016, the event which also marked the reconstitution of the Task Force on Procurement Contract Audit into the Working Group on Public Procurement Audit. As a result, the KSC now has 11 working groups dealing with various specialized areas of audit relating to corruption, environment, extractive industries, information technology, public debt, procurement, etc.
- The need for research issues that cut across working groups has been acknowledged, and in response to a survey carried out by the KSC in 2015-16, 70 percent of the SAIs welcomed crosscutting research and suggested many topics. The KSC has constituted two research project teams on "Auditing Emergency Preparedness" and "Citizen Participation in Public Audit."

- A development that has given me immense satisfaction is the evolution of mechanisms for healthy collaboration with the PSC and the Capacity Building Committee (CBC). The cooperation between the three Goal Chairs has grown in strength in the last two years and has yielded several positive outcomes—the creation of the Forum for INTOSAI Professional Pronouncements (FIPP); drafting of quality assurance for INTOSAI Public Goods that are developed outside Due Process; development of a dashboard for monitoring and uniform reporting by the three Goal Chairs; and identification of strategies for implementing the IFPP Strategic Development Plan (SDP).

I envisage the following few challenges in our objective of ensuring effective knowledge creation and sharing:

- The Revised Due Process requires the participation of a FIPP liaison in project teams constituted to develop and revise the IFPP. This requirement naturally places a restriction on the number of projects in which the FIPP can participate. On the other hand, the KSC working groups aspire to develop several new documents for the IFPP. It is essential to strike a fine balance between the working groups' aspirations and the FIPP's ability to allocate resources for participating in such projects.
- The draft paper on quality assurance of INTOSAI Public Goods places onus on the Goal Chairs to sign a statement of quality assurance for products developed by the sub-committees and Working Groups. I believe there is a need to develop a robust mechanism by which the Goal Chairs can draw assurance on the quality of products.
- Maintenance of the revamped community portal, which is expected to be dynamic and in multiple languages, will require support of regions and SAIs. I also envision a need to reduce the number of websites maintained by various INTOSAI organs to avoid duplication and diffusion of patronage.

Given our successful engagements with stakeholders in the last few years, I am confident that these challenges can be easily addressed through dialogue and cooperation with various stakeholders. As the KSC continues to strive towards knowledge development on emerging issues and on sharing knowledge and experiences of SAIs for the mutual benefit of all, I invite the SAIs to join the Working Groups of KSC and patronize the Community Portal.

# NEWS FROM SAIs AROUND THE WORLD

## News from Norway

### SAI NORWAY COMPLETES SPECIAL AUDIT AT NORWEGIAN PARLIAMENT REQUEST

Following a number of current, as well as anticipated, resource overruns, the Norwegian Parliament (the Storting) requested the Office of the Auditor General of Norway (OAGN) perform a special audit on a major building project on the site of Parliament—a project both initiated and managed by the Parliament itself.

The project, originally budgeted for \$100 million in May 2013, consisted of three parts:

- Complete rehabilitation of an office block;
- Building a new hub for deliveries; and
- Constructing a tunnel to connect the new delivery hub to a street three blocks away.

Just over four years later, in June 2017, the estimated final project cost totaled \$230 million, representing a \$130 million overrun.

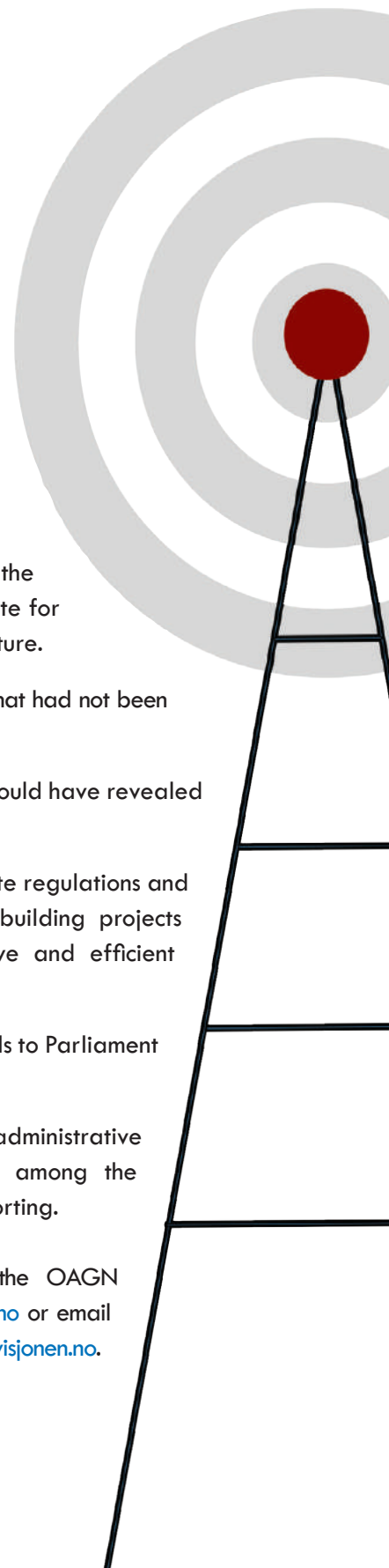
The Presidium of the Storting was primarily responsible for this project. Because Mr. Per-Kristian Foss, OAGN Auditor General (AG), had been a Presidium member during the project's planning and conduction phases, he would not oversee the special report. Mr. Karl Eirik Schjøtt-Pedersen, Vice Chairman of the Board of Auditors General, stepped in as acting AG for this task.

The following were OAGN's main audit conclusions:

- The massive increase in the cost of the project can only in part be explained by real changes in the project since the original plans were drafted.

- Completing the project within time constraints and ensuring the best functionality held more importance than adhering to the allocated budget.
- The organization of the project was not appropriate for such a complex, large venture.
- Costly choices were made that had not been completely analyzed.
- Better quality assurance would have revealed project weaknesses.
- The Storting lacks adequate regulations and routines to ensure large building projects are conducted in effective and efficient manners.
- Presidium budget proposals to Parliament were incomplete.
- There is a need to clarify administrative roles and responsibilities among the different bodies of the Storting.

For more information, visit the OAGN website at [www.riksrevisjonen.no](http://www.riksrevisjonen.no) or email [tjenester-internasjonalt@riksrevisjonen.no](mailto:tjenester-internasjonalt@riksrevisjonen.no).



## News from Peru

### MEET PERU'S NEW COMPTROLLER GENERAL



Mr. Nelson Shack Yalta was appointed as the new Comptroller General of the Republic of Peru for the period 2017-2024.

In his first speech as Comptroller General, Mr. Shack Yalta noted modernization and institutional strengthening were key to achieving the necessary logistics associated with public management. In this new preventive approach, performance audit emerges as the primary control instrument, promoting continuous enhancement of public administration and reflecting quality in services and products.

An economist who earned his master's degree in management and public policy, Mr. Shack Yalta has performed in the international arena as a consultant for the Inter-American Development Bank, World Bank, European Commission Delegation, as well as United Nations Economic Commission for Latin America in several countries. He is a professor who has authored numerous publications and performed specialized research projects.

Mr. Shack Yalta reaffirmed his commitment to strengthen the Supreme Audit Institution (SAI) of Peru regionally and globally.

### YOU'RE INVITED! LIMA DECLARATION 40-YEAR COMMEMORATION

In 1977, the city of Lima, Peru, welcomed 95 delegations from Supreme Audit Institutions (SAIs) all over the world to attend INCOSAI IX. Representatives gathered to discuss relevant topics related to international public auditing, and



the result is what we, 40 years later, call the Magna Carta of government auditing: The Lima Declaration.

The Lima Declaration highlights, among other aspects, independence in government auditing as the fundamental premise for effective compliance of SAI mandates.

Likewise, this document addresses topics that are now considered necessary auditing precepts to achieve independent, objective audit results, such as the relationship

with government branches, international exchange of experiences and SAI authority in terms of control.

The Lima Declaration's validity and transcendence still holds true and was recognized by the United Nations in General Assembly Resolution A/66/209, which addresses SAI independence.

SAI Peru will host an event celebrating the Lima Declaration's 40th anniversary December 5-6, 2017, and the Comptroller General of the Republic of Peru extends an invitation to the entire International Organization of Supreme Audit Institutions (INTOSAI) community to participate in the celebration.



## News from China

### NEW AUDITOR GENERAL OF CHINA APPOINTED



Ms. Hu Zejun was appointed Auditor General of the China National Audit Office (CNAO) by the Standing Committee of the National People's Congress Thursday, April 27, 2017.

Ms. Hu was born in March 1955 in Chongqing, China. She graduated from the Law School of the Southwest Institute of Political Science and Law earning a Master of Law degree.

She has worked in university, the Ministry of Justice and in Guangdong Province. Prior to joining the CNAO, she was the First Deputy Prosecutor General of the Supreme People's Procuratorate of China.



### CNAO HOSTS WORKING GROUP ON BIG DATA INAUGURAL MEETING

The International Organization of Supreme Audit Institutions (INTOSAI) Working Group on Big Data (WGBD) held its inaugural meeting April 17-19, 2017, in Nanjing, China. Forty nine delegates from 18 Supreme Audit Institutions (SAIs) were in attendance.

At the opening ceremony, Dr. Sun Baohou, Deputy Auditor General of the China National Audit Office (CNAO) and WGBD Chairman, delivered the welcome address and keynote

speech. Mr. Gene L. Dodaro, Comptroller General of the United States and WGBD Vice-Chairman, along with Professor Chaisit Trachoetham, Chairman of the State Audit Commission of Thailand, and Dr. Agus Joko Pramono, Board Member of the Audit Board of the Republic of Indonesia, also provided remarks.

Representatives of 13 countries introduced opportunities and challenges SAIs face in the era of big data and shared relevant work experience, as well as perspectives on the future. Participants also discussed research topics including Big Data Audit Fundamental Framework, Audit Technology Innovation, Audit Management Reform and Big Data Audit Practice.

Members adopted the Terms of Reference and the WGBD 2017-2019 Workplan during the two-day event and are scheduled to meet in the United States in 2018 for the next WGBD meeting.

*Note: INTOSAI's WGBD is a specialized working group approved by INCOSAI in December 2016 under Strategic Goal Three: Knowledge Sharing and Services. Its objective is to examine the challenges and opportunities faced by SAIs in the era of big data; to summarize the knowledge and experience in the field of big data assisted audit; and strengthen relevant bilateral and multilateral technical cooperation. As of April 2017, WGBD has 19 full members and one observer. At present, SAIs of China and USA serve as Chairman and Vice-Chairman, respectively.*

## News from Hungary

### STATE AUDIT OFFICE OF HUNGARY CARRIES OUT SUCCESSFUL PEER REVIEW

To enhance its quality-driven operations, the State Audit Office of Hungary (SAO) underwent a peer review in 2014 to evaluate the innovations and methodologies introduced from 2010 under the SAO's value preserving renewal. The SAO adopted its new communication strategy a few years ago, in which it defined its main objectives on (1) improving the utilization of SAO documents prepared for various target groups and (2) increased recognition of SAO as a transparent institution serving public interest and operating professionally. When renewing its communication and utilization activities, SAO considered International Standards of Supreme Audit Institutions (ISSAI) 12 and ISSAI 20 as guiding principles.

The international, comprehensive assessment of the institution's communication activity and transparency took place between 2014 and 2016, analyzing activities during 2010 to 2015. The peer review was performed by a group of experts from the Supreme Audit Institutions (SAIs) of Poland and Lithuania. Based on ISSAI 20, which defines the principles of transparency and accountability for SAIs, the assessment involved various SAO communication target groups. The evaluation covered communication with the general public, National Assembly, several public authorities, the press, as well as cooperation with audited organizations.

The report concluded that SAO has established a professional and efficient communication system that complies with its mission and strategy. Moreover, it aligns with SAO's new act. SAO's partner institutions, as well as the organizations affected by its activities, have confirmed that the organization fulfills its communication strategy in a way that ensures the transmission of necessary information concerning SAO and its procedures and contributes to the development of SAO's reputation as a transparent and exemplary organization.

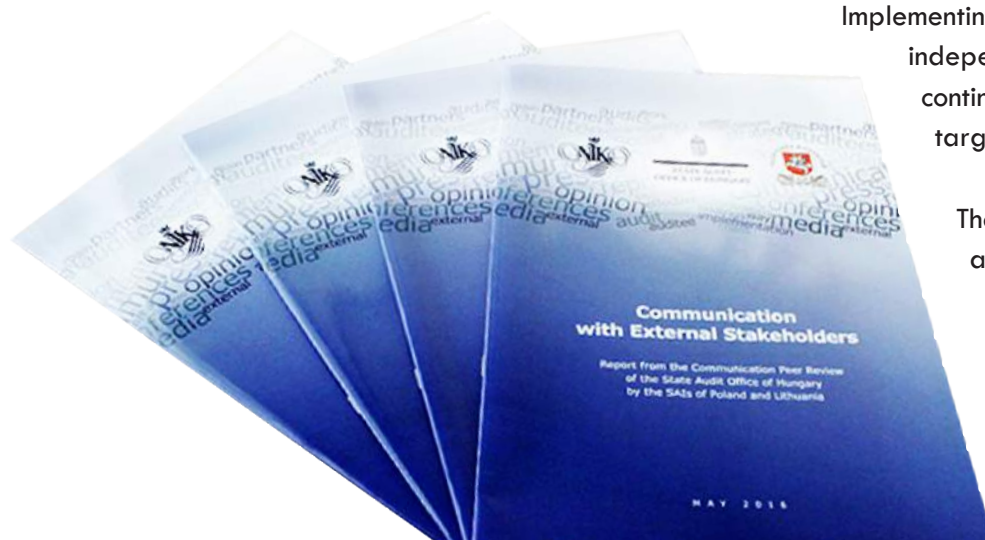
Of particular value are the report's findings on enhancement of SAO's utilization activity, namely the recommendations regarding communication with audited organizations; active exchange of information with public authorities; widespread use of social media; and new audit report format.

In keeping with given recommendations, SAO elaborated its action plan and forwarded it to the SAIs carrying out the peer review. The document specifies, in detail, plans to further develop communication activities to better serve the use of SAO's work and social transparency in a more targeted manner.

Implementing the action plan will be overseen by an independent project group within the SAO, who will continuously inform the public and its communication target groups about any progress made.

The summary of the peer review report is available [here](#).

To learn more, visit the State Audit Office of Hungary website at <https://asz.hu/en> or contact [international@asz.hu](mailto:international@asz.hu).



## News from Estonia

### NATIONAL AUDIT OFFICE LAUNCHES MASSIVE OPEN ONLINE COURSES

The National Audit Office (NAO) of Estonia, in cooperation with the University of Tartu (Estonia), has developed two Massive Open Online Courses (MOOC) on environmental auditing.

Massive Open Online Courses (MOOCs) are a form of open, no-cost education accessible through online platforms. MOOCs, developed by universities, or in cooperation with them, make quality higher education available to a wider audience, which contributes to accomplishing [Goal 4 of the 2030 Agenda for Sustainable Development](#): Ensure inclusive and quality education for all and promote lifelong learning.

Two pilot courses have been developed: (1) Introduction to Environmental Auditing in the Public Sector, and (2) Auditing Environmental Impacts of Infrastructure.

“Introduction to Environmental Auditing in the Public Sector” presents environmental good governance topics and tools governments use to regulate the environmental behavior

of companies and citizens. The course also discusses the entire audit cycle, from selecting an appropriate topic for an environmental audit to drafting an Audit Design Matrix and compiling an audit report.

“Auditing Environmental Impacts of Infrastructure” introduces underlying aspects of infrastructure lifecycle and the aspects' importance in auditing infrastructure environmental and sustainability impacts using performance audit methods. Furthermore, governance tools and methods for managing these impacts are presented.

The courses, which are balanced with NAO of Estonia audit experiences, rely heavily on International Standards of Supreme Audit Institutions (ISSAIs) and International Organization of Supreme Audit Institutions (INTOSAI), as well as Working Group on Environmental Auditing (WGEA) publications. The training sessions are also balanced with NAO of Estonia audit cases.

The courses consist of reading materials, short video lectures, audit examples, exercises and tests. After passing the tests and successfully completing the course, participants receive a certificate from Tartu University.

Both courses have been held once with the introductory course having more than 200 registered participants from 34 countries, and the infrastructure course welcomed more than 160 students from 34 countries.

Currently, two additional MOOCs are under development: "Auditing Water Issues" (to be designed by members of the European Organization of Supreme Audit Institutions (EUROSAI) WGEA by the end of 2018) and "Auditing Waste Management," which will be developed as an INTOSAI WGEA project by 2019.

#### Registration Now Open for Upcoming Courses!

- “Introduction to Environmental Auditing in the Public Sector” November 6-December 3, 2017.
- “Auditing Environmental Impacts of Infrastructure” February 5-March 2, 2017.

Visit [www.moocs.ut.ee](http://www.moocs.ut.ee) for course information and registration.

For more information, contact Ms. Krislin Kivi at [krislin.kivi@riigikontroll.ee](mailto:krislin.kivi@riigikontroll.ee).

### MOOCS ON ENVIRONMENTAL AUDITING

- 

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4-5 WEEKS
- 

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## News from Ukraine

### ACCOUNTING CHAMBER OF UKRAINE ISSUES ANNUAL REPORT

The Accounting Chamber of Ukraine, the nation's Supreme Audit Institution (SAI), exercises control over public revenues and expenditures on behalf of the Verkhovna Rada of Ukraine (parliament) and carries out its activities according to the constitution and budget codes, in addition to the Law of Ukraine, "On the Accounting Chamber," and its established principles of legality, independence, objectivity, fairness, publicity and political impartiality.

The Accounting Chamber recently issued its annual report, which reflects the activities (control-analytical and expert) carried out in 2016, as well as control measures covering 2014-2016 (some cover earlier periods of activity).

The report highlights several key facts, including:

- **644** audits;
- **96** reports prepared and approved;
- **642** control measures carried out to include the preparation of relevant acts and certificates;
- Violations and shortcomings totaling nearly Ukrainian Hryvnia (UAH) **17 billion** revealed;
- Audited state funds amounted to over UAH **314 billion**;
- On average, each auditor audited roughly UAH **1.2 billion** in state funds;
- For **1 UAH** spent from the state budget to support Accounting Chamber activities, approximately **UAH 3.8 thousand** were audited, resulting in **203 UAH** in violations and shortcomings.

Based on control activity results, the Accounting Chamber provided recommendations to correct and improve situations; prevent future violations and shortcomings; and improve public funds efficiency, effectiveness and economy.

The Accounting Chamber's reports and decisions were sent to the highest legislative and executive institutions,

and, in response, the Verkhovna Rada adopted nine laws and five bills. Additionally, Ukraine's government created 16 normative acts that reflected individual Accounting Chamber recommendations, and 12 cases were submitted to the Prosecutor General's Office for decision.

A priority direction for Accounting Chamber activities is publicity. In keeping with this priority, the Accounting Chamber publicly released 3,443 documents last year in an effort to further strengthen transparency and trust.

The Accounting Chamber's significant achievements, accumulated experience and recognition (nationally and internationally) continues to increase the efficiency and effectiveness associated with independent external state financial control; implementing International Standards of Supreme Audit Institutions; and introducing new forms, methods and directions.

The 2016 Accounting Chamber Annual Report is available [here](#).



#### PRODUCTS

- 644 Audits
- 96 Reports
- 642 Control Measures



#### DECISIONS

- Parliamentary Adoption of 9 Laws, 5 Bills
- Government Creation of 16 Normative Acts
- 12 Cases Submitted to Prosecutor General



#### ACHIEVEMENTS

- 314 Billion UAH States Funds Audited
- 17 Billion UAH in Shortfalls Revealed
- 3,443 Documents Publicly Released

## News from Malta

*Participants of the 2017 European Union Contact Committee Joint Seminars hosted by the National Audit Office of Malta.*



### **MALTA NATIONAL AUDIT OFFICE HOSTS EU CONTACT COMMITTEE JOINT SEMINARS**

The National Audit Office (NAO) of Malta hosted the 2017 European Union (EU) Contact Committee joint seminars on the Fiscal Policy Audit Network and Europe 2020 Strategy Audit Network May 30-31, 2017. Thirty-five participants from 18 national audit institutions, along with European Court of Auditors (ECA) representatives, attended the Fiscal Policy Audit Network seminar designed to improve methodologies and practices in auditing national fiscal policy. The network, chaired by the National Audit Office of Finland, strives to share best practices and knowledge among the network's Supreme Audit Institutions (SAIs).

Mr. Charles Deguara, Malta's Auditor General, welcomed guests and highlighted the network's progress, touching on key issues, including public finance sustainability, tax policy and fiscal reform effectiveness, as well as the international debt crisis. During his address, he also conveyed his appreciation to Ms. Tytti Yli-Viikari, Auditor General of Finland, and Ms. Anna Furtado, representing the Portuguese Court of Accounts, for their ongoing collaboration in organizing the events.

Malta Fiscal Advisory Council's Mr. Malcom Bray offered an engaging presentation on the "Quality of Public Finances," where he highlighted the important roles independent fiscal and national audit institutions play in increasing public finance quality.

The Fiscal Policy Audit Network seminar then focused on three themes:

- Fiscal Policy Preparation and Implementation;
- Transparent, True and Fair Views of Central Government Finances; and
- Public Finance Sustainability

The Europe 2020 Strategy Audit Network seminar followed with nearly 40 SAI delegates and ECA representatives in attendance at this forum aimed at sharing experiences and insight in auditing "Europe 2020" related topics.

The Portuguese Court of Accounts, chair of the Europe 2020 Strategy Audit Network, was represented by Mr. José Pinto Almeida, who opened the seminar citing the network's achievements since its establishment in 2009.

The agenda also included a brief overview on the "Europe 2020 Strategy: Education and Social Cohesion," offered by Dr. Jonathan Vassallo from the Office of the Prime Minister's Planning and Priorities Coordination Division.

Additional seminar topics focusing on Europe's 2020 Strategy included ongoing parallel audits, national audits, and related ECA work.



*ECA and NAO delegates meet at Malta's National Audit Office.*

ECA landscape reviews that consider broad themes relating to accountability, transparency, and effective EU funds management and utilization. Mr. Lehne also noted the key role of Supreme Audit Institutions in ensuring citizens regain trust in EU institutions.

Mr. Brincat conveyed his appreciation for the professionalism and independence the NAO has consistently shown and affirmed the ECA's honor in organizing a joint seminar hosted in Malta in September 2017. The seminar, "Audit Follow Up in the Public Sector: Enhancing Accountability," featured keynote speaker Mr. Martin Weber, Director in the ECA Presidency Directorate.

"NAO is committed to carrying out its constitutional mandate professionally, objectively and transparently," emphasized Mr. Deguara, and, he added, "We intend to promote good governance and the best use of public resources in the interests of our taxpayers."

Mr. Deguara reiterated NAO's readiness for the continued cultivation and strengthening of ECA relations to include participating in ECA-organized initiatives and providing technical and logistical support during ECA audit assignments in Malta.

Contact NAO at [nao.malta@gov.mt](mailto:nao.malta@gov.mt) or visit their website at <http://nao.gov.mt> for more information.

## EUROPEAN COURT OF AUDITORS VISIT MALTA NATIONAL AUDIT OFFICE

A delegation from the European Court of Auditors (ECA) visited the National Audit Office of Malta (NAO) June 26, 2017.

Led by Mr. Klaus-Heiner Lehne, ECA President, and accompanied by Mr. Leo Brincat, Malta's ECA Member, the officials met with NAO senior leaders, including Mr. Charles Deguara, Auditor General, and Mr. Noel Camilleri, Deputy Auditor General, to discuss ECA and NAO objectives, roles and support.

Mr. Lehne referenced ECA's primary objective as guardian of European Union (EU) funds—ensuring regularity, probity, value for money and sound financial management. He identified, in particular, benefits of the recently introduced

## News from Kuwait

- The State Audit Bureau of Kuwait (SAB) contributed to several programs, events, meetings and discussions during the last few months, including:
  - » The “Peer Review—Governance” training program held in Mexico in July 2017. The program, in keeping with the Cooperation Agreement with the Supreme Audit Institution (SAI) of Mexico, signifies the action plan’s phase one launch.
  - » Working Group on Public Procurement Audit (WGPPA) meeting hosted in Portugal in July 2017.
  - » The 3rd Audit Data Collection Working Group meeting and the Audit Data Collection Project Committee second plenary session in Russia in late July 2017.
  - » The International Organization of Supreme Audit Institutions (INTOSAI) Working Group on the Value and Benefits of SAIs (WGVBS). The meeting, held in Mexico, was the tenth since its inception.
- » The 15th meeting of the INTOSAI Working Group on Environmental Auditing (WGEA) Steering Committee meeting, hosted by the U.S. Government Accountability Office September 11-14, 2017, in Washington, D.C.
- » The third Young EUROSAI Conference (YES) hosted by the SAI of Estonia September 11-14, 2017, in Tallinn, Estonia.
- » INTOSAI’s Capacity Building Committee meeting, held at the World Bank in Washington, D.C., in September 2017.
- The SAB Acting President and delegation traveled to New York in July 2017, to participate in the INTOSAI Development Initiative (IDI) meeting on “Auditing Preparedness for the Implementation of Sustainable Development Goals (SDGs).”

## News from Suriname



### SAI SURINAME COMPLETES PMF ASSESSMENT

The Supreme Audit Institution (SAI) of Suriname embarked on an external performance review in September 2016. Two international experts funded by the Inter-American Bank (IDB) carried out the review, which was based on the SAI Performance Measurement Framework (SAI PMF) methodology.

Prior to the assessment, SAI Suriname audit staff and support department heads attended an awareness workshop under the auspices of SAI Suriname and the IDB. As part of preliminary research, interviews were held and documents were shared to gather more in-depth insight about the SAI and the environment in which it operates.

The actual assessment took place in October 2016. During this phase, experts queried SAI employees along with various stakeholders. Audit samples were also evaluated at this time.

Four months later, in February 2017, the SAI PMF results were presented to SAI Suriname management and staff.

The assessment provided a comprehensive analysis of the organizational strengths and weaknesses and revealed that the SAI’s capacity was strengthened through the recruitment of additional audit staff. Other strong points included the inception and reinforcement to Human Resource Management, Information and Communication Technology, International and Public Relations departments.

The assessment also uncovered the need for SAI Suriname to ensure reports comply with International Standards of Supreme Audit Institutions (ISSAIs) to better contribute to the quality of financial management in Suriname. Publishing more reports annually was also recommended.

Assessment results have served as the basis to formulate SAI Suriname’s Strategic Plan 2017-2021, which will be used to obtain national and international cooperation and technical assistance to further improve SAI Suriname’s work and, subsequently, Suriname’s public financial sector.

Currently, the International Organization of Supreme Audit Institutions (INTOSAI) Development Initiative (IDI) is performing a quality assurance review, and SAI Suriname appreciates the support IDI and IDB have offered throughout the entire process.

## News from the Slovak Republic

### CZECH AND SLOVAK REPUBLICS TEAM UP FOR PARALLEL AUDIT ON EXCISE DUTY

by Alena Naštická, Audit Section II, Fiscal Politics Division, Slovak Republic Supreme Audit Office (SAOSR)



The Supreme Audit Institutions (SAIs) of the Czech Republic and Slovak Republic concluded an "Agreement on Cooperation in Parallel Audits Targeting Excise Duty" in 2015. The parallel audit goal was to compare excise duties administration performance from 2012 to 2015 and identify process strengths and weaknesses. In cases bearing significant differences affecting efficiency and usefulness, the audit aimed to identify any underlying reasons. The audit revealed several interesting findings.

The legislative framework governing excise duties in the Czech Republic (CR) and Slovak Republic (SR) differ. The SR possesses several specific acts that shape the environment, while within the CR, one law applies to the entire topic. Partial differences also exist in issuing various permits to the excise duties subjects—in the CR, a financial analysis of the subject is mandatory in proving its economic stability or requires financial collateral. In the SR, these mechanisms are not applicable.

Employment in the respective administrations managing excise duties showed significant differences. In 2015, the Financial Administration of the SR (FA SR) had 1,300 employees managing 48,000 subjects, while the Customs Administration of the CR (CA CR) had 1,011 employees managing 114,000 subjects. This simple comparison pointed out that CA CR (having wider responsibilities using fewer employees) manages to secure comparable service twice that of FA SR.

Comparing administrative costs also showed some noteworthy variations. In 2013, FA SR spent 1.65 Euros (€) per 100 collected, while CA CR spent far less at €0.68 per 100. Average collection costs in 2015, respectively, were

€1.94 and €0.73. While FA SR administrative costs (which were more than double that of CA CR) may appear to be a shortcoming, FA SR requires complex electronic support associated with excise duty paperwork, but the same does not hold true for the CA CR.

The aforementioned statistics are just a few of the audit findings that suggest a huge challenge for FA SR to strengthen excise duties management effectiveness when compared to CA CR levels.

The complex, detailed comparison audit also uncovered several opportunities to apply best practices. Specifically, FA SR should (1) reassess the rationale for permanent excise duty surveillance in spirit warehouses liable to excise duty; and (2) apply financial analysis of applicant economic stability. CA CR should finalize digitalization of excise duty paperwork management. On a broader scale, European Union member states should (1) monitor raw tobacco within relevant excise duty areas; and (2) mark spirit retail packaging with excise stamps.

This cooperative audit was governed by the International Standards for Supreme Audit Institutions (ISSAI) 5800-Guide on Cooperative Audit between Supreme Audit Institutions, as well as identified good practice procedures and conventions.

For more on this topic, contact SAO SR at [info@nku.gov.sk](mailto:info@nku.gov.sk).

#### EXCISE DUTY AUDIT COMPARISON KEY STATISTICS

Czech Republic	Slovak Republic
• One Law	• Several Specific Acts
• 1,011 Employees	• 1,300 Employees
• 114,000 Subjects	• 48,000 Subjects
• €0.68 per 100 (2013)	• €1.65 per 100 (2013)
• €0.73 per 100 (2015)	• €1.94 per 100 (2015)
• More simplistic form of electronic support used	• Complex electronic support required



## News from the Czech Republic



and Slovakia) + Austria and Slovenia)) meeting, uses advanced benchmarking methods to share and compare information based on the same methodology.

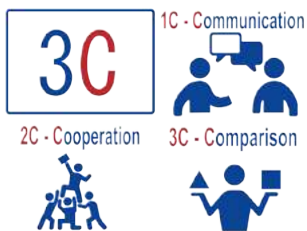
For example, creating a database of comparable audit information will allow peer results to be easily retrieved. Similarly, BIEP makes it possible to search SAO-created databases ([audits](#) and [products](#)) as outlined in EUROSAI's Strategic [Goal 3](#) (GT3 EUROSAI).

Within BIEP, various state policy data monitored and shared by auditing authorities bearing significant impact to citizens will be systematically compared. To date, the SAO has proposed five areas in which to test international comparisons: real estate infrastructure, social housing, eGovernment, education, and penitentiary.

### EFFECTIVE COOPERATION, INFORMATION EXCHANGE: EUROSAI VISION 2020

The Supreme Audit Office of the Czech Republic (SAO) was elected to chair the European Organization of Supreme Audit Institutions (EUROSAI) at the Congress in Istanbul, Turkey, in May. The SAO, leading EUROSAI from 2020-2023, will host the 2020 Congress in Prague.

The SAO summarizes the vision for EUROSAI with Project "3C"—Communication, Cooperation and Comparison. Under the 3C vision, the SAO strives to achieve effective collaborative relationships during its presidency, recognizing that EUROSAI should be efficient and add value to its members. The aim is to achieve maximum benefit with minimum effort.



The Benchmarking Information Exchange Project (BIEP) is a 3C endeavor that provides readily available information to all—a goal promoted through the International Standards of Supreme Audit Institutions (ISSAIs).

The platform, launched by the SAO last year at a V4+2 (Visegrád countries (Czech Republic, Hungary, Poland

The SAO has been processing two areas within its current audit operations—real estate infrastructure and social housing—which will provide a basis for a new common benchmarking methodology.

It is critical that the information be comparable, that the methodologies possess a common basis. One example of such an approach is the excise tax administration coordinated audit by the Czech and Slovak Republics.

The audit included a comparison of information systems where the common basis was European Union legislation, which established conditions. Thus, the systems were based on identical parameters. Comparing the audit results revealed that the information system utilized by the Czech Republic cost less than that used by the Slovak Republic.

Accessibility and information clarity facilitate discovering how various audit organizations approach similar situations. This knowledge sharing provides inspiration and best practices, allowing audit entities and public organizations to be in a better place to provide value to citizens, a mission the SAO believes is crucial for EUROSAI success.

*Pictured above: Mr. Miloslav Kala, President of the Czech Republic Supreme Audit Office (SAO). Inset photo: SAO Czech Republic staff.*

## News from France



### AISCCUF HOLDS ANNUAL MEETING IN DAKAR, SENEGAL

The French Supreme Audit Institution (SAI), in its role as General Secretary of the Organization of French-speaking Supreme Audit Institutions (AISCCUF), organized its annual professional seminar in Dakar, Senegal, June 28-29, 2017.

This two-day event was dedicated to the new International Standards for Supreme Audit Institutions (ISSAIs) adopted at last year's International Organization of Supreme Audit Institutions (INTOSAI) Congress—a theme that had not yet been discussed on the international stage.

Ten heads of SAIs, along with numerous representatives from nearly 20 nations, attended the seminar that allowed auditors from Europe, Francophone Africa and Haiti to exchange views on the added-value of international professional standards and challenges (and opportunities) arising from internal regulations. ISSAIs contribute to institutional capacities and staff competencies, thus enhancing SAIs' reputations and credibility, particularly in the face of audited administrations and stakeholders.

Among the 25 standards and guidelines recently adopted, presentations focused on a few that primarily tackle the SAI's organization and core business, such as:

- **The Standard on Ethics** (ISSAI 30)—President of the Deontology College of the French SAI.

- **The Standard on Compliance Audit** (ISSAI 4000)—Magistrates of the Senegal and Niger SAIs.
- **The Standard on Performance Audit** (ISSAI 3000)—SAI Djibouti along with SAI Senegal.
- **The Combination of ISSAI Standards in the Framework of Management Audits (In Light of the French Experience)**—Member of French Regional Court of Accounts and SAI Tunisia.
- **The Guidelines Pertaining to Evaluation of Public Policies** (INTOSAI GOV 9400)—SAI Morocco.
- **INTOSAI Professional Standards Framework**—SAI France.

Participants were also able to test their knowledge in a fun and engaging way through a quiz (developed by SAI France) that posed some rather difficult questions. Rest assured, members responded brilliantly and enjoyed the camaraderie.

ISSAI implementation is essential, and all attendees were encouraged to apply what they've learned upon returning to their SAIs. Mr. Saidou Sidibe, AISCCUF President and head of the SAI of Niger, reminded colleagues, especially senior SAI management, that constant mobilization, raising awareness and training efforts are required to successfully implement the standards.

Learn more by visiting AISCCUF's new and improved website (with enriched content and eye-catching graphics) at [www.aisccuf.org](http://www.aisccuf.org).

## News from Lithuania

### IMPORTANT FACTORS LEADING TO SAI SUCCESS: THE NAOL PERSPECTIVE

Supreme Audit Institution (SAI) success stems from several measures, including robust communications (internally and externally) and leading by example. Over the years, the National Audit Office of Lithuania (NAOL) has established good professional relations with Lithuania's Parliamentary Committee on Audit—our main partner assuring oversight of governmental activities.

The NAOL also dynamically communicates with stakeholders, including academia, non-profit associations and public sector entities affected by government initiatives.

Such interactions provide several benefits, such as:

- Publicizing audit findings and recommendations;
- Raising SAI awareness and increasing visibility;
- Examining data and stakeholder relevance;
- Informing SAs on stakeholder insights into the most sensitive public sector governance issues; and
- Providing observations on specific areas that require in-depth and systemic assessment.

The NAOL strives to use communication to seek new opportunities and identify problems (and find ways to eliminate the underlying causes).

The NAOL also uses internal communication techniques to drive organizational improvement. Targeted and focused interaction increases staff creativity and participation, while value-setting exercises refine what employees consider essential to achieve NAOL strategic objectives. Combining individual interests and agreeing on crucial organizational needs consolidates efforts and generates an understanding that we are stronger together than we are individually.

The NAOL seeks to be a public sector model—leading by example—by applying the highest standards to its work;

servicing as an independent, competent adviser to decision makers; exhibiting trustworthy behavior; continuously innovating; and demonstrating that these actions improve performance.

Our efforts don't go unnoticed. The NAOL's work has garnered public and private sector, domestic and international recognition. In 2016, the NAOL received the national "Best Public Institution" award, and this year, the Lithuanian Business Confederation awarded the NAOL with the "Partnership Leader Prize" honoring NAOL's professional systemic audits and audit opinions.

Also in 2017, the Organization for Economic Cooperation and Development (OECD)/Support for Improvement in Governance and Management (SIGMA) identified the NAOL and its Parliament as having exemplary cooperation practices in its study, "Developing Effective Working Relationships Between Supreme Audit Institutions and Parliaments."

While the NAOL has experienced much success, it is a temporary state, and there is always work to be done! We hope sharing our perspective provides insight and inspiration to other SAs and to the wider auditing community.



## News from the Republic of Serbia



### SAI SERBIA CELEBRATES 10 YEARS OF PUBLIC SERVICE



The Republic of Serbia's State Audit Institution (Supreme Audit Institution (SAI) Serbia) marked its 10-year anniversary with a solemn ceremony held in the Palace of Serbia June 7, 2017. The event, celebrating SAI Serbia's first decade of work, saw numerous distinguished guests in attendance, including Mr. Nikola Selakovic, envoy for the President of the Republic of Serbia; Mr. Radoslav Sretenovic, SAI Serbia President and Auditor General; and Ms. Bojana Mitrovic, SAI Serbia Council Vice President. Several embassy notables, SAI delegates and international organization representatives were also on hand to honor SAI Serbia, the nation's highest authority authorized to audit public funds.

"Ten years ago, very few people were familiar with SAI Serbia's competencies. Most often, we were asked what an auditor did. Today, as we celebrate our 10th anniversary, I can proudly say that we have become an independent, recognizable, trustworthy institution. Every penny invested in us, in our organization, has been more than repaid to the Republic of Serbia through our audit work," proudly remarked Mr. Sretenovic.

In its ten years of existence, SAI Serbia has published roughly 777 audit reports and published 1,243 audit

products. A total of 6,467 recommendations were issued, and the percentage of recommendation implementation has steadily increased (currently at 75%). Based on SAI Serbia recommendations, a 7.6 billion dinar profit has been paid into the Republic of Serbia budget.

SAI Serbia continues to improve its work for the well-being of all citizens. Enhancing audit methodologies for financial, compliance and performance audits and advancing information management, operational and human resources strategies, staff, and processes allow SAI Serbia to adequately and actively present audit conclusions and findings, as well as cultivate and strengthen relations with its citizens, stakeholders and SAIs on a global scale.

Today, SAI Serbia is a fully-fledged member of the International Organization of Supreme Audit Institutions (INTOSAI), European Organization of Supreme Audit Institutions (EUROSAI), in addition to the Network of Supreme Audit Institutions of the EU Candidate and Potential Candidate Countries and the European Court of Auditors.

The recognition and trustworthiness SAI Serbia enjoys have been achieved through audit results and acceptance of recommendations issued to auditees over the years.



#### PRODUCTS

- 1,243 Audits
- 777 Reports
- 6,467 Recommendations



#### ACHIEVEMENTS

- 75% Recommendation Implementation
- 7.6 Billion Dinar Profit Paid Into National Budget

## News from Japan



### JAPAN BOARD OF AUDIT HOSTS EVENT ON AUDITING PUBLIC CONSTRUCTION WORKS

The Board of Audit of Japan (BOA), in collaboration with Japan International Cooperation Agency (JICA), hosted a seminar on “Government Audit in Public Construction Works” as part of Japan’s official development assistance programs. The annual event, held June 18-July 8, 2017, at JICA’s training center in Tokyo, Japan, and BOA’s training facility in Gunma Prefecture, Japan, is designed to share experiences and best practices with Supreme Audit Institutions (SAIs) of developing countries. This year, 16 auditors from nine SAIs—Botswana, Fiji, Iraq, Laos, Liberia, Malawi, Mauritius, Nepal and Zimbabwe—participated.

The importance of this seminar has become even greater than ever before, particularly as it contributes to increasing

SAI capacity through assisting respective governments in realizing the Sustainable Development Goals (SDGs).

By auditing public construction projects with the objective of ensuring infrastructure quality, SAIs can contribute to SDG 9, which is dedicated to “Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.” Auditing public construction also aids in reducing corruption (SDG 16), particularly given corruption’s impact on public procurement (including construction projects), which is more widely felt as globalization advances.

The BOA has traditionally attached a high level of importance to auditing public construction works, for a significant amount of Japan’s national budget is dedicated to infrastructure investment during the post-war rapid economic growth period, as well as building resilient infrastructure in response to natural disasters (earthquakes,



heavy rainfall and flooding) that have caused serious damage to citizens' lives and property. Accordingly, the BOA has established rigorous objectives when auditing public construction works to include verifying accounting aspects; reducing construction costs; reviewing project effects; and ensuring high-quality infrastructure. Auditing several project aspects, including design and structure, in addition to accounting, cost estimation and usage after construction completion helps achieve those objectives. It is this experience, these objectives and methodologies that the BOA imparts to seminar participants.

This year's seminar focused primarily on the methodology for examining infrastructure quality, including closely examining if (1) construction is executed as designed; (2) slipshod work is not practiced; and (3) construction design is appropriate to ensure required safety measures are followed. The BOA also shared audit reports that illustrated

construction defects. These defects resulted in an insufficient level of safety, which led auditees to take appropriate measures. Attendees acknowledged the usefulness of such reports, noting that they can raise construction quality and reduce infrastructure lifecycle costs simultaneously.

It wasn't all classroom participation, as participants received hands-on experience using construction inspection equipment to locate improper works (structure models displayed at BOA's training center). They also visited actual construction sites, including a renewal construction site of Metropolitan Expressway Route 1 in Tokyo (pictured above).

At the seminar's conclusion, participants delivered presentations on how they can apply the knowledge and experiences gained to future construction audits upon returning to their SAs. For further information, please contact [liaison@jbaudit.go.jp](mailto:liaison@jbaudit.go.jp).

## News from Latvia

### SAO LATVIA PROVIDES TRAINING ON INTERNATIONAL AUDITING STANDARDS



Latvijas Republikas  
Valsts kontrole

This summer, the State Audit Office (SAO) of Latvia, in cooperation with the Latvian Association of Certified Auditors, launched a new training program designed to educate certified auditors on applying International Standards for Supreme Audit Institutions (ISSAIs).

The training program, conducted by SAO Latvia staff possessing various professional experience, currently concentrates on topics related to financial audits.



Given the experience of certified auditors, the program emphasizes practical examples and provides insight into typical SAO Latvia audit work.

Ensuring SAO Latvia's approach to performing public sector financial audits is clear and comprehensive, ISSAI Practice Notes were emphasized centering on 14 topics:

- What are ISSAIs?
- Financial Audit Process

- Understanding the Audited Entity
- Relevance
- Analytical Procedures
- Risk Assessment
- Using Works from Other Auditors and Experts
- Audit Assertions
- Details and Controls Tests
- Audit Sampling
- Audit Approach, Audit Plan, Audit Programs
- Audit Evidence and Working Documents
- Assessment of Errors and Reporting on Financial Audit Results
- Addressing Compliance Issues in Financial Audits

SAO Latvia received highly positive feedback and plans to continue and expand the training program.

Future class iterations will include participants at all levels of the auditing community, such as certified auditor assistants and representatives from local municipalities and the Audit Authority of European Union funds.

Additional expansion includes performance and compliance audit modules, as well as in-depth discussions on audit approaches when assessing public sector policies and governance, information and communication systems, and state and municipal enterprises.

## News from Myanmar

### SAI MYANMAR HOSTS SEVERAL WORKSHOPS, MEETINGS

#### *Train-the-Trainer on Applying ISSAIs Workshop*



The Office of the Auditor General of Union-Myanmar (OAGM) and Asian Development Bank (ADB) hosted a joint train-the-trainer workshop on applying International Standards of Supreme Audit Institutions (ISSAI) in Nay Pyi Taw, Myanmar, May

8-12, 2017. The workshop, designed to share knowledge and experience with ISSAI-based financial audit manuals and guidelines, included several auditors from OAGM's headquarters, regional and state audit offices, as well as ADB experts and delegates from the Office of the Auditor General of Norway (OAGN).

During the workshop, ADB staff discussed several aspects of ISSAI-based financial audit materials, including ethics, internal control systems, materiality levels, risk assessment and scope, substantive procedures in practices, communication channels with audited organizations, and audit report and follow-up systems.

#### *Meeting with IDI, ASOSAI to Enhance E-Learning Capacity*



The Office of the Auditor General of Union-Myanmar (OAGM), along with INTOSAI's Development Initiative (IDI), hosted an Instructor Design Meeting specifically for the Blended Learning Specialist Workshop at the Thingaha

Hotel in Nay Pyi Taw, Myanmar, May 22-June 2, 2017. Attendees included IDI staff, the Capacity Development Administrator of the Asian Organization of Supreme Audit Institutions (ASOSAI), along with instructors from the

Supreme Audit Institutions (SAIs) of Indonesia, Philippines, and Pakistan.

The meeting's objective was to formulate necessary course materials for the Blended Learning Specialist Workshop—a new IDI-ASOSAI initiative to enhance e-Learning capacity by creating a pool of resource persons with proven training skills who will support future ASOSAI capacity development programs. The engagement also allowed SAI Myanmar to further strengthen working relationships with ASOSAI and IDI.

#### *Report on Observance of Standards and Codes—Accounting and Auditing Dissemination Workshop*



The Office of the Auditor General of Union-Myanmar (OAGM), together with the Myanmar Accountancy Council, Myanmar Institute of Certified Public Accountants and the World Bank, held a “Report on Observance of Standards and

Codes (ROSC)—Accounting and Auditing Dissemination” workshop at the Park Royal Hotel, Yangon, Myanmar, June 16, 2017.

During the workshop, OAGM and World Bank authorities briefed key decision makers and business leaders on ROSC findings and policy recommendations and offered stakeholders the opportunity to inquire as to the proposed next steps toward implementing the policy recommendations.

There were also panel discussions on such topics as “Towards a Stronger Accounting Profession,” “Accounting Education—The Catalyst to High Quality Accountants,” and “Enhancing the Quality of Corporate Financial Reporting and Auditing,” where national and international experts shared personal perspectives and experiences with attendees.





## SAI COSTA RICA AND IDI UNITE TO ASSESS “BRIDGE TO DEVELOPMENT”

*Costa Rica's National Strategy to Aid Families Living in Extreme Poverty*



The Supreme Audit Institution (SAI) of Costa Rica, in coordination with the International Organization of Supreme Audit Institutions (INTOSAI) Development Initiative (IDI), executed a performance audit in 2016 to analyze the effectiveness and efficiency of “Bridge to Development (BTD),” a national strategy designed to care for families in extreme poverty. With the increased emphasis on auditing the implementation of Sustainable Development Goals (SDGs), this coordinated audit, now, more than ever, holds additional significance in that it addresses SDG 1: No Poverty.

Analyzing BTD included assessing the strategy’s compliance with proposed goals during its first two years of activity (2014-2016); studying the main familial socio-demographic and economic characteristics; investigating the flow of goods and services from participating institutions to families in extreme poverty; and examining Presidential Social Council (PSC) improvement measures.

## BTD STRATEGY AND IMPLEMENTATION

The BTD aimed to identify and measure poverty conditions using a wide variety of sectors and agencies. Eight institutions comprised the initial group gathered to assess essential areas based on a multi-dimensional poverty measurement perspective, including: family access to the social protection system; development of capabilities; links to employment; technological advantages; and proper housing and territorial development.

To execute the BTD, the Mixed Social Welfare Institute (IMAS) created social cooperators figures who, acting as connections between families in need to the organizations responsible for supporting them, are key to ensuring families receive the necessary assistance as outlined in a customized Plan of Family Intervention (PIF), the instrument that records each family's needs and commitments.

Identifying and assisting families living in austere conditions was executed in four phases:

### **Phase One: Family Eligibility**

Phase one involved defining the actions necessary to identify families in priority districts living in extreme impoverishment and confirming these families also matched the BTD profile, which stipulates that families meet at least one of the following characteristics: female head of household with underage children; disabled relatives residing in the home; responsible for elderly adult care; and unemployed head of households.

### **Phase Two: PIF Formulation**

In this phase, social cooperators responsible for strategy management, devise each family's PIF. The social cooperators conceive the PIF to track basic achievements that relate to minimum quality of life conditions the family must reach by the end of the program.

### **Phase Three: PIF Implementation and Evaluation**

Phase three finds families performing the tasks to which

they have committed. IMAS records any progress and provides necessary references to participating institutions to ensure families have access to as many benefits possible.

### **Phase Four: Family Exit**

This is the final phase where the family has fulfilled basic achievements (minimum of 90%) as identified in the PIF.

## AUDIT RESULTS

**100.5%**

Audit results indicate the BTD strategy was effective in identifying and selecting families. Records show a compliance rate of 100.5% (the established goal to incorporate 27.300 families was exceeded as 27.449 families were classified and selected).

**>50%**

Outcomes also illustrated that the population defined in accordance with the BTD profile was highly successful with 79% as female heads of household and 67% lacking full-time employment. Statistics also showed 87% had not completed a secondary education.

**<25%**

However, as of June 30, 2016, there was a low level of progress associated with families reaching the PIF basic achievement measures—only 22.7% PIFs were completed, while 33.5% were recorded as in process, and 43.8% saw no progress whatsoever.

**47%**

Strikingly, 47% of the families had not met any of the established basic achievements at the time of the audit.

Regional Areas of Social Development (ARDS), an organ within IMAS, took 89 days (on average) to develop each PIF. This delay directly impacted families' ability to fulfill the basic achievements and creates a potential risk of non-compliance.

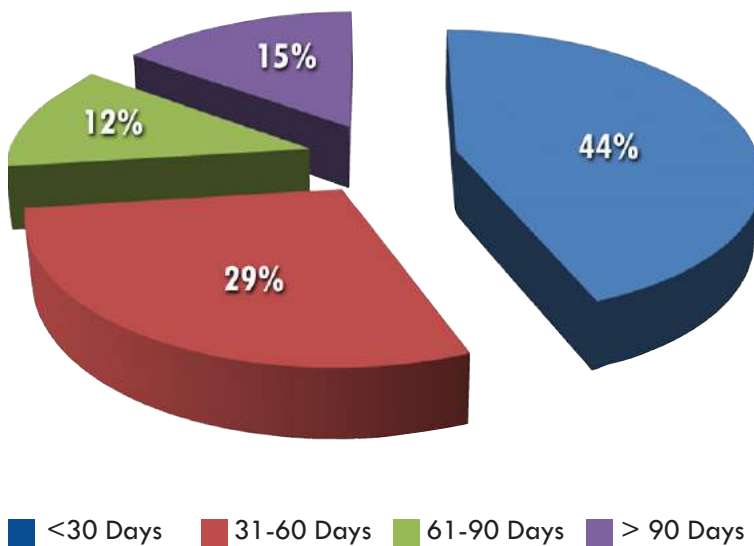
With such a high percentage of families not reaching any basic achievements within the established two-year time frame prior to successful discharge, introducing a second round of families to participate in the program (2017-2018) makes realizing the 4-year BTP target seemingly impossible.

A lack of opportunities in accessing benefits was also noted. According to PSC guidelines, references for support were to be processed based on priority and resolved within a maximum of 30 working days.

However, of the approved references, only 44% fell within the 30-day range, while 29% were approved between 31-60 days, 12% between 61-90 days, and 15% took more than 91 days for resolution (see Figure below).

These prolonged approval periods also impacted families realizing basic achievements.

**NUMBER OF DAYS FOR SUPPORT REFERENCES**



*“The audit results point to significant improvement opportunities, which were positively received by Costa Rican government authorities responsible for the BTD strategy.”*

Despite establishing a system of quarterly reports and monthly newsletters, audit results determined that these tools were more informative and descriptive in nature rather than evaluative. The products were also based on partial results, thus unable to provide sufficient data to affect the decision-making process that could impact target populations in the short-, medium- and long-term.

Because there were no reporting guidelines, of the 37 Monitoring and Evaluation Team (EME) reports audited between July 2015 and June 2016, only two included

information on limitations and improvement measures. None of the reports included focus error indicators (exclusions, leaks); PIF preparation times; supporting institution response times (and reasons) to references made by cooperators; achievement status; and budget allocations.

The audit results point to significant improvement opportunities, which were positively received by Costa Rican government authorities responsible for the BTD strategy.

Additionally, mandatory compliance recommendations were issued to the Republic of Costa Rica's Vice President, who serves as PSC coordinator and IMAS Executive Chairman (responsible for BTD implementation).

These opportunities come at a crucial time. As the BTD has reached its two-year mark, implementing SAI Costa Rica's recommendations can help advance the strategy's efficiency and effectiveness, resulting in a greater impact on those living in extreme poverty.

*With the collaboration and assistance of IDI mentors, this audit product also conforms to International Standards of Supreme Audit Institutions (ISSAIs).*

## CZECH REPUBLIC SAO SUPPORTS SDG AUDITS WITH ENERGY PROJECTS

The Supreme Audit Office of the Czech Republic (Czech SAO) has maintained a long-term focus on the environment and its importance for sustainability. In this endeavor, the Czech SAO is an active member of the Working Group on Environmental Auditing (WGEA) for both the International Organization of Supreme Audit Institutions (INTOSAI) and the European Organization of Supreme Audit Institutions (EUROSAI).

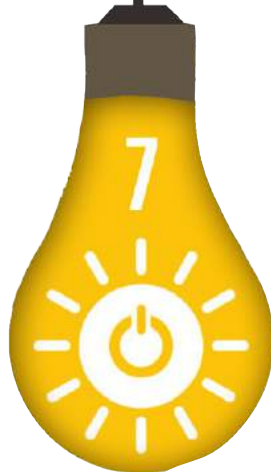
Under the umbrella of the INTOSAI WGEA, the Czech SAO has already completed two successful environmental auditing projects and has recently undertaken a third. Additionally, the Czech SAO embraces opportunities to play a key role in international coordinated audits and participates in numerous conferences, seminars and workshops to learn more about, and share best practices on, the environment and sustainability.

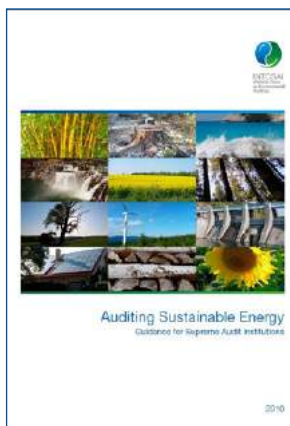
### *Auditing Sustainable Energy Project 2010*

With proven experience in auditing sustainable energy, the Czech SAO, in 2010, volunteered to lead the coordination and compilation of “Auditing Sustainable Energy—Guidance for Supreme Audit Institutions (Guidance).”

Collaborating with external experts in sustainable energy and cooperating with the Supreme Audit Institutions (SAIs) of Australia, Canada, Estonia, Morocco, Norway, Poland and the United Kingdom, the Czech SAO authored this guidance in an attempt to help SAIs better understand sustainable energy and identify effective audit approaches.

The Guidance followed four basic steps: (1) Understand sustainable energy issues and its influence on society, economy and the environment; (2) Recognize government response to sustainable energy, environmental concerns (e.g., state programs and policies); (3) Choose suitable audit topics; and (4) Design audits reflecting conditions in the respective country and to formulate appropriate audit questions.





Within the Guidance, sustainable energy covered two main fields: energy generation from renewable energy resources and most effective and economic uses of all energy resources.

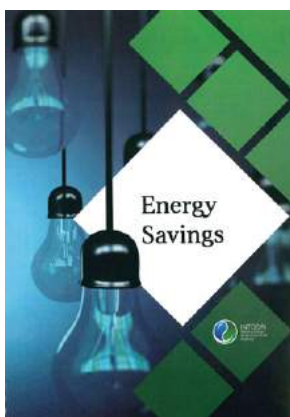
In addition to applicable, useful information for all audit phases focused on energy, the Guidance also includes several case studies,

which illustrate how SAIs can add value in the sustainable energy arena.

### Energy Savings Project 2016

Capitalizing on its experience gained from researching, coordinating and composing the Guidance, the Czech SAO led an “Energy Savings” project which spanned 2014-2016. The project goal was to uncover current energy issues the Czech Republic had in common with other nations.

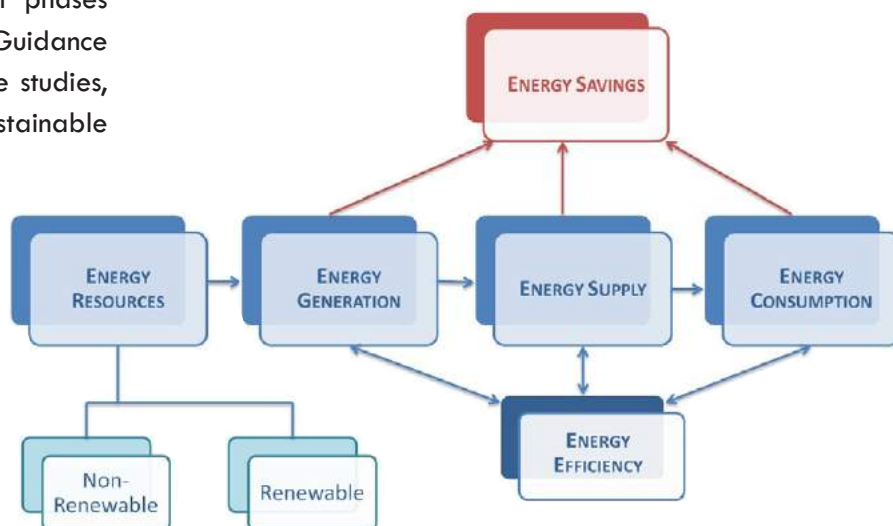
A study concentrating on energy savings topics and relevant SAI audit work was developed primarily in cooperation with the SAIs of China, the Netherlands, Norway, Slovakia, the United Kingdom and the United States.



The intent behind this study was to highlight the importance of energy savings as a potential area to be audited by SAIs, as well as provide more information regarding energy savings by focusing on audit examples, specific case studies and SAI best practices.

For the project, energy savings was defined as the quantity of energy saved by adopting particular measures, and saved energy was determined by measuring (or estimating) consumption before and after one or more measures were implemented.

From the auditing perspective, it was also necessary to understand potential areas of energy efficiency in phases—generation, supplies, consumption. The role of audit institutions, and auditors themselves, is to evaluate impacts stemming from government policies or measures employed to promote energy savings or energy efficiency throughout each phase (see the picture below).



To obtain a better understanding on energy efficiency and state policies in individual countries, the Czech SAO surveyed INTOSAI WGEA's 77 member SAIs. The survey focused on:

- Tools used to support or increase energy savings or energy efficiency;
- Indicators established to measure energy savings and energy efficiency; and
- Whether SAIs performed audits of the aforementioned indicators in the last few years.

Survey results showed that 48 countries use energy saving tools, and 32 INTOSAI WGEA member states had set or defined national energy savings indicators. The survey data also illustrated that only a small number of SAIs (14 INTOSAI WGEA members) have performed dedicated audits on energy efficiency or energy savings in the last five years.

In addition to the survey, studies, materials and data collected from external institutions were also cited during the Energy Savings project to emphasize the continued future importance of wisely conserving and using energy.

According to reports from publicly available sources, including the International Energy Agency (IEA), Africa, China, Europe and the United States will become the most important players regarding energy demand in the near future.

From the SAI perspective, future audit activities concerning energy issues become increasingly important, particularly with the introduction of the Sustainable Development Goals (SDGs)—17 global goals aimed at ending poverty, protecting the planet and ensuring peace and prosperity. Goal 7, “Affordable and Clean Energy,” specifically addresses energy consumption and conservation and stresses the necessity to put forth greater efforts in achieving energy efficiency, which is rapidly becoming the most important source of energy.

While not a source in the true sense of the word, energy efficiency is more of a question on conserving energy. A number of countries are learning that the cheapest, and safest, energy is that which does not have to be generated. This represents a major turning point in the way we think about energy.

### ***Greening Cities—Sustainable Urban Development Project 2019***

In 2017-2019, the Czech SAO will be leading an INTOSAI WGEA environmental auditing project concerning “Greening Cities—Sustainable Urban Development.” In this endeavor, the Czech SAO will be working with the SAIs of China, Indonesia, Morocco, the Philippines, the Slovak Republic and the United States.

Currently, more than half of the world's population lives in urban areas. While in 1950, only 30 percent of the world's population was urban, by 2050 this share is projected to increase to 66 percent. As the world continues to urbanize, sustainable development challenges will be increasingly concentrated in cities, particularly in the lower- to middle-income countries where the pace of urbanization is fastest.

Integrated policies to improve the lives of both urban and rural dwellers are needed. Many of the world's cities are now facing serious problems with housing, infrastructure, transportation, security, energy, drinking water, employment, education and health care (World Urbanization Prospects, UN, 2014).

The primary purpose of the Greening Cities—Sustainable Urban Development project is to identify and describe the most critical challenges of urban agglomerations, such as air quality, increased noise, waste management problems, sewage system infrastructure, drinking water quality and systems, and related education and health care issues. The project also aims to share SAI knowledge and experiences and emphasize the importance of sustainable urban development within the INTOSAI WGEA.

This project has significant ties to SDGs, including links to the following global goals:

- Goal 3: “Ensure healthy lives and promote well-being for all at all ages;”
- Goal 6: “Ensure availability and sustainable management of water and sanitation for all;”
- Goal 7: “Ensure access to affordable, reliable, sustainable and modern energy for all;” and
- Goal 11: “Make cities and human settlements inclusive, safe, resilient and sustainable.”

One of the Czech SAO's visions is the “3C” concept—Communication, Cooperation, Comparison. With ongoing international cooperation and exchanges of experience, SAIs will be better suited to respond to challenges, such as climate change and sustainable society. SAIs play a significant role in fighting off such challenges.

Download an electronic copy of [Sustainable Energy](#) and [Energy Savings](#) from the Czech SAO website at [www.nku.cz](http://www.nku.cz).

# ▶ INSIDE INTOSAI



*Mutual Experience  
Benefits All*



## IN MEMORIAM OF JØRGEN KOSMO

Mr. Jørgen Kosmo, former Auditor General (AG) of Norway, passed away July 24, 2017, at the age of 69.

He was appointed by Parliament as the AG of Norway in 2006 and held the position until he retired in 2013. In this capacity, he also served as Chairman of the Board for the International Organization of Supreme Audit Institutions (INTOSAI) Development Initiative (IDI) and was a member of INTOSAI's Governing Board.

Prior to his duty as Norway's AG, he was a Member of the Norwegian Parliament for more than 20 years, where he, for the last four years, was the Speaker of Parliament. He also served as Minister of Defense and Minister of Administrative Affairs in Norway.

Jørgen, as everyone called him, believed strongly in the necessity of independent public sector auditing and the benefits of international cooperation among Supreme Audit Institutions (SAIs). He was a firm supporter of INTOSAI, and, in 2007, he established the development cooperation function at the Office of the Auditor General (OAG) of Norway, which supports other SAIs in strengthening their capacity. As a dedicated and progressive chair of the IDI board, Jørgen always fought for SAIs needing support.

Jørgen retired 3 ½ years ago, but he is still very much remembered for his professionalism, kindness and humor. He will be greatly missed by so many friends and colleagues in Norway and abroad.

Email [tjenester-internasjonalt@riksrevisjonen.no](mailto:tjenester-internasjonalt@riksrevisjonen.no) for more information or visit the website at [www.riksrevisjonen.no](http://www.riksrevisjonen.no).







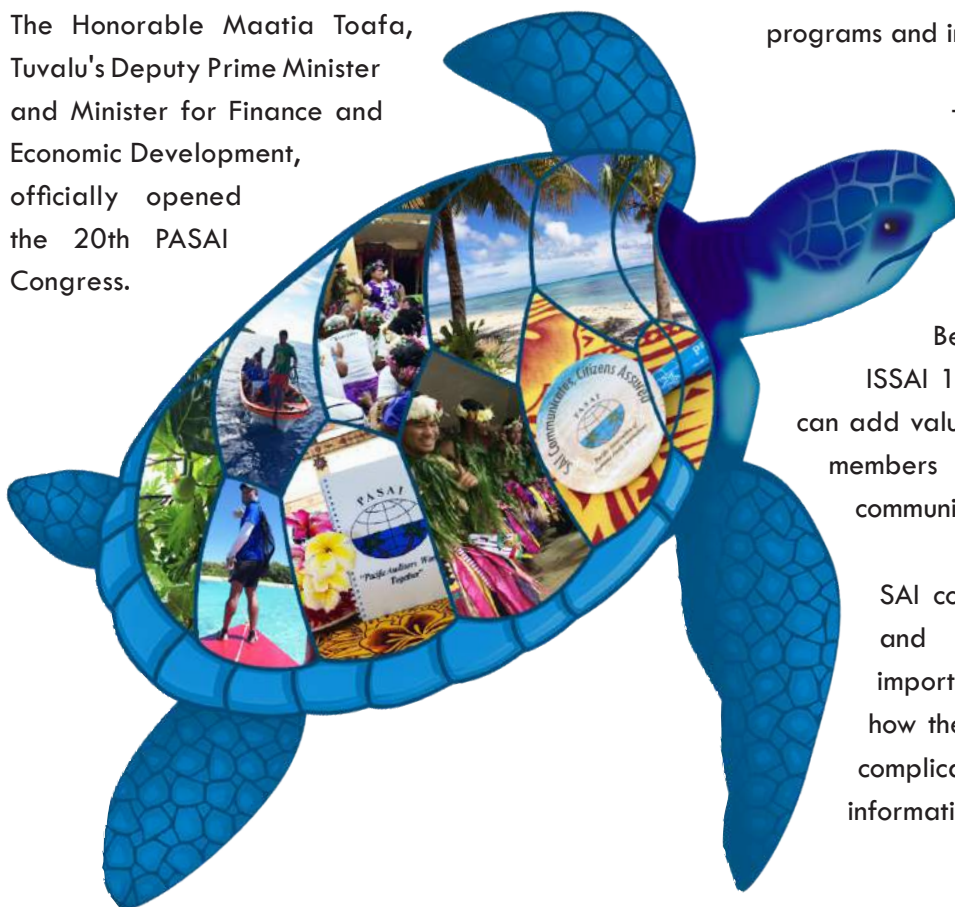
## 20TH PASAI CONGRESS

*Promoting Values, Benefits of SAIs Through Effective Communication*

“Pacific Auditors Working Together”—the fundamental notion that shapes the Pacific Association of Supreme Audit Institutions (PASAI). Every year, PASAI members unite to strengthen relationships and share knowledge, ideas and experiences—truly working together—to benefit the lives of citizens.

This year’s congress, PASAI’s 20th, took place in Funafuti, Tuvalu, August 8-11, 2017, where roughly 50 delegates representing Supreme Audit Institutions (SAIs), member organizations and development partners offered perspectives related to the congressional theme, “Promoting Values and Benefits of Supreme Audit Institutions Through Effective Communication.”

The Honorable Maatia Toafa, Tuvalu’s Deputy Prime Minister and Minister for Finance and Economic Development, officially opened the 20th PASAI Congress.



In his speech to attendees, Mr. Toafa underscored the importance and timeliness of the congress and its theme given Tuvalu’s recently updated Audit Act, which has significantly increased SAI Tuvalu’s statutory independence.

“With these changes and increased powers, comes additional accountability. This accountability must be effectively communicated to stakeholders in order to be demonstrated,” he said.

Engaging presentations, robust discussions, interactive workshops and networking events led to a healthy mix of communication topics, including benefits SAIs provide to stakeholders; challenges faced; best practices proving fruitful for many; and commitments to improve strategies, programs and initiatives.

The value and benefits SAIs provide are numerous, and as Tony Prcewich, Technical Advisor to SAI Tuvalu, pointed out, International Standards of Supreme Audit Institutions (ISSAI) 12, “Value and Benefits of SAIs,” is a great place to start.

ISSAI 12, with its principles that outline how SAIs can add value to its citizens, was recognized by PASAI members as being vital to enhance stakeholder communication.

SAI contributions to all stakeholders—internally and externally, locally and globally—are important, but conveying what SAIs do and how they add value isn’t always easy. Numerous complications exist that impede sharing the right information at the right time with the right people.

Resources, technology and language barriers were common themes. Federated States of Micronesia (FSM)-Chuuk suffers tremendously due to staff shortages. As the smallest auditing body in the pacific region (based on number of employees), they have neither the time nor the personnel to perform non-audit tasks. This hurdle is faced by others, including Guam and the Commonwealth of the Northern Marianas Islands (CNMI), where communications become collateral duties for auditors.

“We are finalizing our communications strategy; however, we have no dedicated person to complete and implement it,” stressed Ms. Geraldine Demapan Tenorio, Audit Supervisor, CNMI Office of the Public Auditor.

Many participants provided similar stories of continually having to balance competing priorities with limited resources.

Capitalizing on technology signified another difficulty for several PASAI members. As discussions progressed, several SAIs said they did not have a web or social media presence, making active communication with stakeholders difficult. The absence of an electronic footprint did not stem from a lack of desire. Quite the contrary. Nonexistent technical resources and insufficient funding were the primary reasons cited.

Ms. Margaret Crawford, Auditor General, New South Wales, acknowledged the technological deficiencies and underscored the importance of face-to-face interaction and networking opportunities, a view shared by Mr. Ihlen Joseph, PASAI Chair and Public Auditor with FSM-Pohnpei.

“The coconut wireless news media is the most effective communications tool in my state,” asserted Mr. Joseph, who expressed informal exchanges represent the principal means for sharing news and information in his territory.

Language also arose as problematic in the communications arena. Some nations are geographically dispersed with territories that speak different dialects. And, it’s not just foreign language that creates challenges, it’s also auditing language.

“As part of our plain language journey, we need to improve how we communicate our audit results. We need to provide recommendations that are practical and address the root cause,” stressed Mr. Andrew Greaves, Auditor General, Victoria State of Australia.

SAI Papua New Guinea echoed the sentiment, adding that audit recommendations should be clear, precise and practical.

On the language front, SAI New Zealand has established an audit blog on its website. “The Kiwi Guide to Audit Reports” is a fun, engaging way to translate audit speak into simpler vernacular.

While the sheer volume of challenges can seem daunting, addressing them is essential. One of the congress workshops aided in this endeavor by asking delegates to develop

communications commitments using SMART goals—goals that are Specific, Measurable, Achievable, Results-focused and Time-bound. These commitments represented true dedication, as the PASAI Secretariat vowed to check in with each member in six months to evaluate the progress toward achieving these objectives established during this workshop.

In the coming months, several SAIs pledged to roll out communications strategies; issue reports using a broad media mix; and take advantage of public awareness events to further enhance audience engagement.

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*“The auditing arena is one of continuous innovation, adaptation and change, and we will continue to meet and bring inspired people together in congresses like this to ensure our organizational relationships remain at the cutting edge.”*

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—Eli Lopati, Auditor General, Tuvalu



Some initiatives aimed at increasing SAI transparency and stakeholder engagement included:

- SAI Tuvalu's plans to undertake report translation to increase audit results availability.
- The CNMI audit office aims to continue gaining awareness through a program already in place where audit staff visit local schools. The program benefits are two-fold: education and recruitment.
- SAI Nauru, who has participated in Public Awareness Day, also utilizes event-driven meetings with media representation as part of its engagement activities.

In addition to the PASAI Congress roundtable discussions and workshops, several formal and informal networking events fostered the sharing of ideas and allowed delegates to cultivate new relationships, as well as reinforce existing ones, while experiencing and embracing all that Tuvalu has to offer.

At a state dinner held on opening night, Honorable Enele Sopoaga, Prime Minister of Tuvalu, addressed attendees with a moving speech that encapsulated the spirit of the PASAI Congress—coming together to find ways to improve the lives of citizens.

Though it may be said many of the “more important” decisions were actually made underneath the coconut palms, some vital outcomes were reached by majority vote during the event's closing session, including a decrease in travel funding for board members and an increase in membership fees across the board.

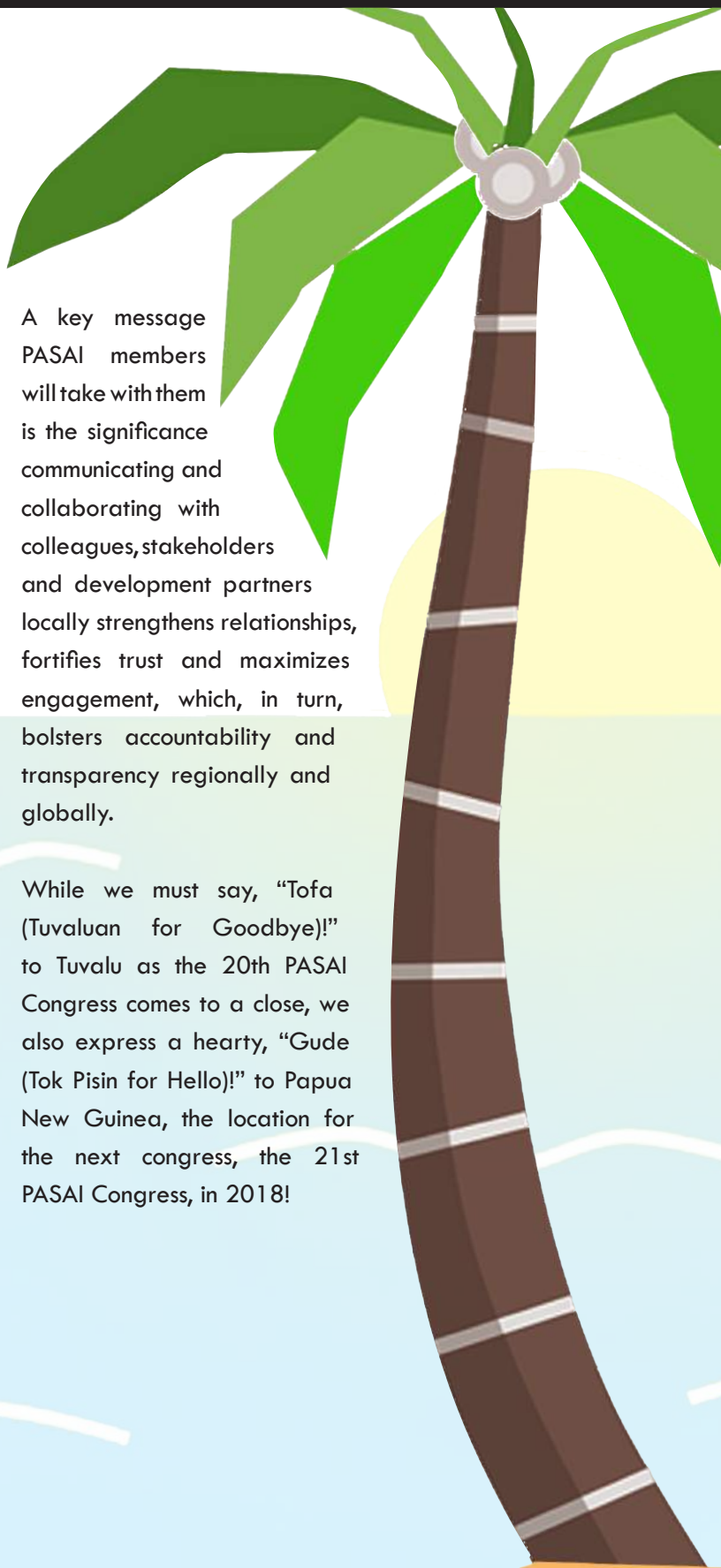
Raising association dues was not a decision made lightly, or easily, but as Ms. Doris Flores Brooks, Public Auditor with Guam's Public Accountability Office, emphasized, “The benefits of PASAI membership are immeasurable compared to what we have to pay.”

Indeed, PASAI membership is quite rewarding. An open forum to share ideas. An environment where support is a certainty. An organization where working together leads to greater good.



A key message PASAI members will take with them is the significance of communicating and collaborating with colleagues, stakeholders and development partners locally strengthens relationships, fortifies trust and maximizes engagement, which, in turn, bolsters accountability and transparency regionally and globally.

While we must say, “Tofa (Tuvaluan for Goodbye)!” to Tuvalu as the 20th PASAI Congress comes to a close, we also express a hearty, “Gude (Tok Pisin for Hello)!” to Papua New Guinea, the location for the next congress, the 21st PASAI Congress, in 2018!





# EUROSAI-ECIIA JOINT SEMINAR FOCUSES ON SAI, INTERNAL AUDITOR RELATIONS

The European Organization of Supreme Audit Institutions (EUROSAI) teamed up with the European Confederation of Institutes of Internal Auditing (ECIIA) for a joint seminar in Brussels, Belgium, May 11, 2017. The event, hosted by the Belgian Court of Audit and chaired by Mr. Gijs de Vries, Visiting Senior Fellow at the European Institute of the London School of Economics and Political Science, marked the culmination of the EUROSAI-ECIIA cooperation in the 2011-2017 EUROSAI strategic framework.



Sixty-five delegates, including several Heads of Supreme Audit Institutions (SAIs), from 21 EUROSAI members and 15 ECIIA chapters attended the seminar, which focused on relations between SAs and internal auditors in Europe's public sector.

The ECIIA President and Vice-Chair of EUROSAI (SAI Finland) opened the seminar that included several presentations and discussions from various SAs and internal auditors, including:

- Cooperation Between SAs and Public Sector Internal Auditors on Informal and Formal Basis—*SAI Austria and Institute of Internal Auditing (IIA) Hungary*;
- International Certification in Audit—*European Commission Internal Audit Service (IAS)*;
- Using the Work of Internal Audit in SAI Financial Auditing—*SAI Netherlands*;
- SAI Methodological Approaches to Assessment and Performance Review of Internal Audit—*SAI Russian Federation*;
- Risk Management in the Public Sector—*IIA Spain*;
- National Cooperation Agreements Between SAs and Internal Auditors in Europe—*SAI Turkey*;
- Implementation of a Multilateral National Cooperation Agreement—*SAI Lithuania*;
- The New Internal Audit International Professional Practices Framework—*ECIIA Secretariat*;
- ECIIA and EUROSAI Survey Results and Recommendations Concerning Audit Committees in the Public Sector in Europe—*IIA UK and Ireland and SAI Belgium*; and
- Prospective Visions of Public Sector Audit Evolutions in Europe—*European Court of Auditors and IIA Spain*.

The seminar report, presentations and other cooperation materials, including two new papers on audit committees and national cooperation agreements prepared by the EUROSAI-ECIIA Cooperation committee (2014-2017), can be accessed via EUROSAI's website [here](#), as well as using this [bookmark](#).

EUROSAI collaborated with ECIIA on several issues of common interest on the basis of EUROSAI's strategic plan 2011-2017 (Goal 2—Professional Standards) and cooperation agreements signed in 2011 and 2014, including the implementation of INTOSAI GOV 9150, "Coordination and Cooperation Between SAs and Internal Auditors in the Public Sector," in Europe. The Court of Audit of Belgium was EUROSAI's operational cooperation lead in addition to serving as a EUROSAI Governing Board Member from 2011-2017. For more information concerning the EUROSAI-ECIIA cooperation 2011-2017 and the 2017 Joint Seminar, please contact [international@ccrek.be](mailto:international@ccrek.be).

# AFROSAI HOSTS ILLICIT FINANCIAL FLOW CONFERENCE



The Secretary General of the African Organization of Supreme Audit Institutions (AFROSAI), in partnership with the African Tax Administration Forum (ATAF), African Organization of Public Accounts Committee (AFROPAC) and Collaborative Africa Budget Reform Initiative (CABRI), organized an international conference on Illicit Financial Flows May 24-26, 2017, in Yaoundé, Cameroon.

Under the theme, “Tackling Illicit Financial Flows (IFF): An African Approach to a Global Phenomenon,” the conference enabled participants to develop a common understanding and gain awareness on organizational experiences with illicit financial flows.

The event fostered an open exchange of ideas and specifically allowed attendees to:

- Develop a shared and more nuanced understanding of IFF challenges, including the different pillars and levels;
- Reaffirm a commitment to Good Financial Governance (GFG) by underscoring the importance of cooperation (GFG approach) and ensuring network sustainability; and
- Present tools utilized to tackle IFF.

Throughout the three-day conference, 254 delegates representing Supreme Audit Institutions (SAIs), tax officials, parliamentarians, finance ministries and international, non-governmental and civil society organizations came together to participate in presentations, discussions and workshops on IFF’s extent, complexity and negative impact;

debate on measures to fight the problem; and to show continued commitment to the ongoing effort by signing the Conference Declaration, “Curbing Illicit Financial Flows Through Good Financial Governance: United Against Illicit Financial Flows.”

For additional information, email [sg\\_afrosai@afrosai.org](mailto:sg_afrosai@afrosai.org) or [hassan@crefiat.org](mailto:hassan@crefiat.org). You can also visit AFROSAI’s website at [www.afrosai.org](http://www.afrosai.org) to learn more.




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*The conference partner organizations were founded to optimize fiscal resource mobilization, improve fiscal transparency, strengthen external auditing of public finances, and develop public finance parliamentary oversight. Their activities are coordinated through the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) within the framework of the Good Financial Governance in Africa Program established in 2013 and are financed by the European Union and German government.*

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## HIGH LEVEL MEETING FOR SAI LEADERS, STAKEHOLDERS ON SDG IMPLEMENTATION

The International Organization of Supreme Audit Institutions (INTOSAI) Development Initiative (IDI) and the United Nations (UN) jointly held the "Supreme Audit Institution (SAI) Leadership and Stakeholder Meeting" July 20-21, 2017, at the UN headquarters in New York.

The meeting, which focused on "Auditing Preparedness for the Implementation of the Sustainable Development Goals (SDGs)," brought together high-ranking SAI representatives and prominent stakeholders who engaged in an exchange of knowledge and experiences on topical themes and concerns related to the role of SAIs in reviewing the national implementation of SDGs.

The exchange of experiences included a focus on preparedness for SDG implementation from auditors' perspectives, and the INTOSAI General Secretariat shared

with participants INTOSAI's contribution to supporting SAIs in this important task.

The need for a comprehensive audit approach; stakeholder engagement in audits; mobilizing means of SDG implementation through audits or the application of indicators were additional topics covered during the two-day event.

The discussions revealed, among others, that:

- In reviewing the implementation of the SDGs, SAIs face the challenge of performing audits that go beyond traditional financial and compliance auditing;
- Governments, as well as SAIs, have to take a holistic approach when it comes to implementing, or reviewing SDG implementation;
- Different stakeholders have great expectations with regard to the role SAIs play in implementing the SDGs;
- Those different stakeholders should be engaged;
- Numerous SAIs deliberated intensively over their contribution to SDG implementation, and some have also initiated audits in this regard; and
- Coordinated audits offer valuable opportunities for the exchange of experiences and knowledge.



## KNOWLEDGE SHARING COMMITTEE CONTINUES TRADITION OF EXCHANGE

More than 25 delegates representing 12 Supreme Audit Institutions (SAI) came to Bali, Indonesia, to attend the 9th Steering Committee Meeting of the International Organization of Supreme Audit Institutions (INTOSAI) Knowledge Sharing and Knowledge Services Committee (KSC) August 23-25, 2017.

"Deliberations at this meeting are crucial for valuable inputs into the Goal 3 report at the next Governing Board meeting," emphasized Ms. Rita Mitra, SAI India's Deputy Comptroller and Auditor General, who opened the meeting as KSC chair representative.

Dr. Moermahadi Soerja Djanegara, Chairman, Audit Board of the Republic of Indonesia, welcomed attendees to the three-day event, which focused on KSC updates and working group progress since KSC members last met in Mexico City, Mexico, in 2016.

Additionally, INTOSAI-wide initiatives were presented to KSC members with presentations from meeting observers representing the Capacity Building Committee (CBC), INTOSAI Development Initiative (IDI), INTOSAI General Secretariat (GS), and the Professional Standards Committee (PSC).

During the meeting, meaningful deliberations took place on several key topics to include revising the KSC "Terms of Reference (TOR)." Updating the TOR is essential to better align it with INTOSAI's Strategic Plan 2017-2022, the revised Due Process and focus on performance reporting.

The KSC will also give INTOSAI access to dedicated research project outcomes as part of its strategy, and the teams leading the recently undertaken cross-cutting research projects on "Citizen Participation in

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*"Deliberations at this meeting are crucial for valuable inputs into the Goal 3 report at the next Governing Board meeting."*

—Ms. Rita Mitra

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Public Audit" and "Auditing Emergency Preparedness" presented proposals to KSC members.

Thought-provoking discussions also took place on the newly devised risk register and reporting dashboard. The risk register enables the KSC to manage risk in order to prioritize various action items, while the reporting dashboard, a tool created to communicate working group activities in as brief a format as possible, aims to highlight progress made and key next steps for each objective under the KSC strategic goals.

The dashboard, which also helps identify problem areas that may require attention, is a uniform reporting mechanism devised through Goal Chair Collaboration (GCC). Mr. Jan van Schalkwyk, SAI South Africa, noted the extraordinary work stemming from GCC, which he characterized as one of the most exciting developments to emerge from INCOSAI XXII.

In his update on capacity building activities, Mr. van Schalkwyk emphasized the concept of "global profession, local solutions" reflecting the level of preparedness to support global standards while acknowledging local conditions. He stressed the desire to streamline engagements without overwhelming the regions and added that support to SAIs in fragile situations is crucial.

Ms. Monika Gonzalez Garcia-Koss, representing INTOSAI's GS, commended the goal chairs for their collaborative efforts, as well as their regional coordination and also expressed a true appreciation to all KSC members for their continued commitment, especially during a time of transition, such as migrating to the new Due Process.

Ms. Paula Hebling Dutra, SAI Brazil, explained the modified Due Process,

citing the four main stages—project proposal, exposure draft, endorsement version and final pronouncement—and how the process applies to new pronouncements, changes of substance and incorporation of pronouncements issued by other organizations.

She also noted the INTOSAI Framework for Professional Pronouncements (IFPP) and added that the new framework clarifies scope and provides for a systematic review of existing documents. Improving the credibility of professional pronouncements is a necessity, and the establishment of the Forum for INTOSAI's Professional Pronouncements (FIPP) is the INTOSAI body designated to do just that through professional pronouncement assessment and approval.

Mr. Novy Pelenkahu, SAI Indonesia, represented the FIPP at the KSC meeting. In his briefing, he discussed the FIPP's three priorities: implementing the revised IFPP after 2016; putting guidance into place that supports International Standards of Supreme Audit Institutions (ISSAIs) by 2019; and strengthening professional pronouncements beyond 2019.

Mr. Pelenkahu identified the importance of liaisons, who, he asserted, work closely with working groups and steering committees throughout Due Process stages to provide consultation and facilitate communication—significant in ensuring a better understanding among all parties.

An effort underway to help facilitate communication and information exchange is revamping the KSC-IDI Community Portal to provide a more auditor-centric, engaging and interactive platform that consolidates working group sites and acts as a hub for all knowledge sharing activities.



SAI Indonesia—Host to KSC Meeting



Dr. Moermahadi Soerja Djanegara



Pictured (l to r): Mr. Jan van Schalkwyk, Ms. Paula Hebling Dutra and Ms. Monika Gonzalez Garcia-Koss



Pictured (l to r): Ms. Rita Mitra and Mr. K. S. Subramanian

Mr. K. S. Subramanian, SAI India, conveyed that the portal's ultimate goal is to provide a single window of access for information.

The IDI presented its ongoing efforts to KSC attendees, including work toward auditing Sustainable Development Goals (SDGs), where SAIs can make tremendous contributions in providing advice, assessing preparedness and monitoring implementation.

In cooperation with the KSC, the IDI developed the "Auditing Preparedness for SDG Implementation" program and has taken steps to scale up the course due to an immense demand (more than 100 SAIs in all INTOSAI regions have indicated interest in participating).

The program, designed to support SAIs in conducting ISSAI-based cooperative performance audits on SDG implementation preparedness in national contexts, is one of several programs and events taking place on the SDG front.

Ms. Garcia-Koss pointed out a high-level SAI leadership and stakeholder meeting jointly coordinated by the IDI and United Nations (UN) that took place earlier this year at UN headquarters in New York, which included active participation among KSC, CBC and INTOSAI GS representatives.

The KSC meeting's final agenda items included each working group providing status and progress updates, adding to the KSC's longstanding tradition of rich information exchange.

As the event drew to a close, Mr. Maxwell Ogenho, SAI Uganda, communicated a welcome message from his Auditor General, Mr. John F. S. Muwanga, and presented a video highlighting all that Uganda, and its capital city of Kampala, have to offer—as the next KSC meeting is set to be hosted there in August/September 2018.



## KSC FAST FACTS

Encourage SAI cooperation, collaboration and continuous improvement through knowledge development, sharing and services, including:

- Producing and revising INTOSAI products;
- Providing benchmarks and operating a community portal; and
- Conducting best practice studies and performing research on issues of mutual interest and concern.

### *KSC Chair*

Mr. Shashi Kant Sharma, Comptroller and Auditor General, India Office of the Comptroller and Auditor General

### *KSC Steering Committee Members*

China, Egypt, France, India, Indonesia, Mexico, Philippines, Russian Federation, Uganda, United States of America

### *Strategic Objectives for Goal 3*

3.1 Develop and maintain expertise in the various fields of public-sector auditing and help provide content to the INTOSAI Framework for Professional Pronouncements.

3.2 Enable wide exchange of knowledge and experience among INTOSAI members.

3.3 Working with the CBC, IDI, and other INTOSAI entities, facilitate continuous improvement of SAIs through knowledge sharing on the crosscutting lessons learned from the results of peer reviews and SAI PMF.

### *Working Groups:*

- Working Group on Environmental Auditing
- Working Group on Fight Against Corruption and Money Laundering
- Working Group on IT Audit
- Working Group on Public Debt
- Working Group on Value and Benefits of SAIs
- Working Group on Financial Modernization and Regulatory Reform
- Working Group on Program Evaluation
- Working Group on Key National Indicators
- Working Group on Audit of Extractive Industries
- Working Group on Public Procurement Audit
- Working Group on Big Data



# IDI UPDATE

*IDI Update keeps you informed of developments in the work and programs of the International Organization of Supreme Audit Institutions (INTOSAI) Development Initiative (IDI). To find out more about the IDI and to keep up to date between editions of the Journal look at the IDI website: <http://www.idi.no>. For information related to the International Standards of Supreme Audit Institutions (ISSAI) Implementation Initiative (3i Program), please visit <http://www.idicommunity.org/3i>.*

## NEW APPOINTMENTS

During the summer of 2017, IDI conducted competitive recruitments for two positions, and IDI would like to welcome the following new colleagues to the IDI team:

- **Ms. Caterina Raschetti**, Program Coordinator.
- **Mr. Laurent Soublin**, Program Coordinator.

## SAI YOUNG LEADERS PROGRAM LAUNCH



IDI launched the Supreme Audit Institution (SAI) Young Leaders (SYL) program, which is designed to nurture young leaders, enable individual growth and contribute to SAI organizational development. The SYL program builds on change strategy—for both the SAI and the young leader and aims to connect SAI leadership at all levels with a focus on the SAI Young Leader, as well as creating a global SYL network that interacts, shares and works together.

A robust screening process is currently underway to select the final SAI Young Leaders who will participate in the program.

## SAI-LEVEL SUPPORT TO BHUTAN CONTINUES

### **Onsite Support to Conduct ISSAI-Based Pilot Financial Audit**

In accordance with the Statement of Commitment (SoC) signed between the Supreme Audit Institution (SAI) of Bhutan and IDI in 2016, IDI provided onsite support on conducting an ISSAI-based pilot financial audit for two audit teams in Thimphu, Bhutan.

IDI staff, co-facilitated by two SAI Bhutan mentors, reviewed audit work performed by the two teams and provided



feedback used by the teams to further improve audit documentation throughout the week-long event.

The two teams have returned to the respective entities after the workshop to perform further audit procedures that were either not covered at the planning phase of the audit or yet to be performed as at the date of this workshop. Each audit team included a supervisor and team leader in addition to team members.

SAI Bhutan's Auditor General and Deputy Auditor General were also in attendance at the workshop, which is the second onsite support event on this pilot financial audit (the first one was provided during the planning phase of the audit in February 2017).

### **Financial Audit Quality Assurance Training**

Training on conducting Quality Assurance (QA) reviews of ISSAI-based audits took place in Thimphu, Bhutan, earlier this year for a team of auditors from the SAI of Bhutan.

IDI, along with SAI Bhutan mentors, conducted the training, which sensitized auditors on IDI's new Financial Audit QA tool. The team conducted a QA review of one SAI Bhutan

financial audit as part of a practical session, and the training also covered QA models and QA functions.

A SAI outcome under the SoC is that “SAI Bhutan has well-functioning QA mechanism,” and this particular training facilitates QA reviewer capacity development, as well as strengthens the SAI's existing QA function. The training was also attended by the Deputy Auditor General and staff of SAI Bhutan's existing Research and Quality Assurance Division.

### **Quality Assurance Review**

#### **of ISSAI-Based Pilot Financial Audit in SAI Bhutan**

Conducting a QA review of pilot audits marks the final stage of the 3i Phase II SAI-level support program being delivered in SAI Bhutan.

Following onsite technical support, SAI Bhutan QA reviewers have been conducting QA reviews on two recently completed ISSAI-based pilot financial audits. IDI's technical support included conducting the review consistently, applying IDI's QA tool in an appropriate manner and drafting the review report.

The QA review team presented the progress made thus far to the Auditor General and SAI management, including the draft QA report of one audit engagement. As envisaged in the SoC, SAI management acknowledged the need to institutionalize the QA function and has already commenced establishing a fully functional QA mechanism.

Similar onsite support will be provided for performance and compliance audits in early 2018.

## **AUDITING SDGs AND FIGHTING CORRUPTION**

### **OLACEFS Mentor Training and Adaptation Meetings**

Resource personnel from the Organization of Latin American and Caribbean Supreme Audit Institutions (OLACEFS) met in Lima, Peru, August 2-11, 2017, for mentor training, as well as to adapt eLearning course material for Auditing Sustainable Development Goals (SDGs) and SAI Fighting Corruption (SFC) programs.



During the first half of the nine-day event, Ms. Aránzazu Guillán Montero, United Nations Department of Economic and Social Affairs (UNDESA), trained mentors on the 2030 Agenda, SDGs and fighting corruption. Ms. Guillán Montero, who has been working with IDI since 2016, is participating as an expert in the eLearning course for English-speaking regions.

Mentors also experienced a training session devoted to the IDI eLearning model, which was facilitated by Ms. Maria Lucia Lima, IDI Manager of Capacity Development.

For the last half of the event, the group was divided to work on adapting eLearning course material—the Auditing SDGs meeting was managed by Ms. Lima, while Mr. Aníbal Guillermo Kohlhuber, former IDI Manager for OLACEFS and current Deputy Director General of Internal Control in Argentina, oversaw the SFC portion.

The OLACEFS Auditing SDGs program mentors are: Mr. Carlos Eduardo Lustosa da Costa (SAI Brazil), Ms. Liliana Rodríguez Sánchez (SAI Colombia), Mr. Manuel Jesús Corrales Umaña and Mr. Juan Carlos Barboza Sánchez (SAI Costa Rica), Mrs. Gladys Sunilda Fernández de Chenu Abente (SAI Paraguay) and Ms. Sandra Mónica Ore Fuentes-Rivera (SAI Perú).

Mr. Osvaldo Cristian Roudloff Pulgar, representing the OLACEFS Secretariat and coordinator of the coordinated performance audit to be conducted as part of the region's Auditing SDGs program, also attended the SDG meeting.

The OLACEFS SAI Fighting Corruption Program mentors are: Mr. Aníbal Guillermo Kohlhuber (SIGEN Argentina), Mr. Clayton Arruda de Vasconcelos (SAI Brazil), Mrs. Martha Carolina López Brítez (SAI Paraguay), Ms. Rosemarie Atanasiu Martinez (SAI Uruguay) and Ms. Vivian Garbanzo (SAI Costa Rica).

Mr. Nelson Shack Yalta, Auditor General, SAI Perú, provided closing remarks to attendees where he expressed great interest in performance auditing and in the SFC program, which he offered to host again next year.

### IDI BILATERAL SUPPORT TO SAI SOMALIA EXTENDED

The Office of the Auditor General of Somalia (OAGS) and IDI will cooperate in 2017 to finalize the strategic plan of OAGS and mobilize greater peer-support in the years to come.

Funds for activities are sourced through IDI core funds. Somalia has large development needs, as well as the need to strengthen accountability mechanisms to promote better utilization of limited resources.

The OAG can play an important role in improving Public Financial Management in the country.

### IDI STAKEHOLDER ENGAGEMENT

IDI Participated in the Pacific Association of Supreme Audit Institutions (PASAI) Governing Board meeting and Congress in Tuvalu during August 2017.

The theme of the congress was communication, where IDI and PASAI discussed ongoing IDI programs, including the regional SAI Performance Measurement Framework (PMF) support initiative and presented IDI's SAI engaging stakeholder guidance. IDI and PASAI also jointly facilitated a communication workshop with SAI Tuvalu.

### UPCOMING EVENTS

- IDI Board Meeting, November 8, Vienna, Austria.

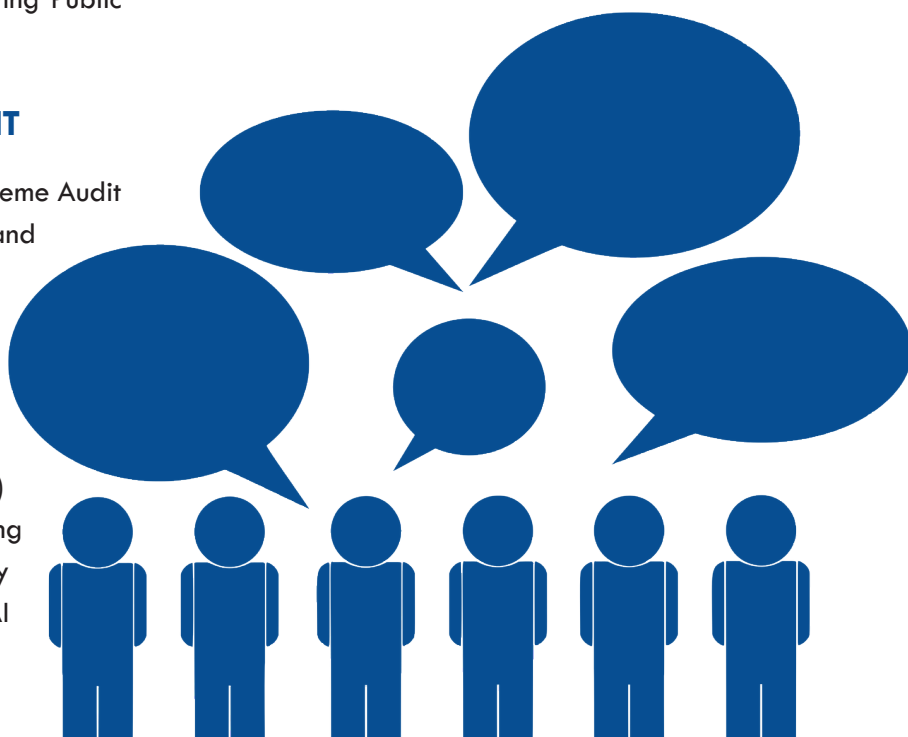
### CONTACT IDI

Get IDI's latest news and events, recommended readings and more online at [www.idi.no](http://www.idi.no).

For more information, reach out to IDI:

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## FROM CHALLENGED TO CHALLENGING

Mr. Ole Schøyen became the new head of the INTOSAI-Donor Secretariat in June 2017. The Cooperation's main focus is on the new round of the Global Call for Proposals, and in the coming years Tier 2, a specialized initiative to scale up support for the most challenged Supreme Audit Institutions (SAIs), will be underscored.

"In many countries, we see that SAIs are being challenged by their environments. The hope for our Global Call for Proposals Tier 2 support is that we can help the SAIs to such an extent that they are no longer challenged by their environment. We want them to turn the tables, to be in a position to challenge their environment. We want to see challenging SAIs, not challenged ones."—Ole Schøyen.

Read the full editorial in the [INTOSAI-Donor Cooperation newsletter](#).

## GLOBAL CALL FOR PROPOSALS—TIER 2

The new round of the Global Call for proposals (GCP) has been launched! In response to concerns noted in the GCP

2015 evaluation, the GCP now has two tiers. GCP Tier 1 invites Supreme Audit Institutions (SAIs) to send concept notes for matching (it is now a rolling process with no deadlines for submissions). GCP Tier 2 intends to target the most challenged SAIs, which are most in need of scaled-up and strengthened support.

The new targeted approach aims to provide more intense support to the most challenged SAIs struggling with designing and implementing strategic capacity development programs, particularly SAIs in fragile and conflict environments. GCP Tier 2 (T2) is designed to support SAI's across the entire strategic management cycle—from needs assessment and strategic planning through program design, implementation and evaluation.

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*"The hope for our Global Call for Proposals Tier 2 support is that we can help the SAIs to such an extent that they are no longer challenged by their environment...we want to see challenging SAIs, not challenged ones."—Mr. Ole Schøyen*

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T2 focuses on creating long term partnerships between SAIs, donors and those providing support along with strengthened coordination and monitoring by the International Organization of Supreme Audit Institutions (INTOSAI)-Donor Secretariat.

The T2 committee, consisting of development cooperation members formed to oversee the new T2 proposal, is now finalizing the list of SAIs that will form T2. Thirty-six prospective SAIs from countries spreading across Africa, Asia, the Middle East, the Caribbean and the Pacific were identified and 18 were invited to participate in the T2 program based on specific criteria.

Engaging donor community and other support providers to stimulate T2 initiative interest is underway. At the recent "Auditing Preparedness for the Implementation of the Sustainable Development Goals (SDGs)," meeting jointly coordinated by the INTOSAI Development Initiative (IDI)

and the United Nations (UN) held at UN headquarters in New York, a common theme arose—“No One Left Behind.”

Adopting this motto and thinking of ways to assist in delivering much-needed support is crucial.

“Every mickle mek a muckle.” This Jamaican proverb says it all. Translated it means, “Small portions eventually add up to be a big slice.” So, no proposed support is too small.

If you would like to know more about the GCP Tier 2 please see our [website](#) or contact any member of the Secretariat at [intosai.donor.secretariat@idi.no](mailto:intosai.donor.secretariat@idi.no).

### SPOTLIGHT ON SUCCESS

The IDC is just starting the process of developing two new country-level success stories to communicate that working with SAIs is important and is making a difference in the lives of citizens.

The success stories showcase successful SAI capacity development initiatives from across the INTOSAI and donor communities and how the Memorandum of Understanding principles contributed to the success of the initiatives.

To read the three success stories already developed about SAI Bhutan, SAI Sierra Leone and PASAI visit the [Cooperation Webpage](#).

### INTOSAI-DONOR STEERING COMMITTEE LEADERSHIP TELECONFERENCE

The last INTOSAI-Donor Steering Committee Leadership teleconference took place mid-July 2017. The Global Call for Proposals, implementation of the communications plan and the upcoming INTOSAI-Donor Cooperation Steering Committee meeting were some of the highlighted discussion topics.

### THE INTOSAI-DONOR COOPERATION IS NOW ON SOCIAL MEDIA!



The INTOSAI-Donor Cooperation joined the ranks of Twitter users in July! Get up-to-date news and photos via our Twitter handle [@The\\_Cooperation](#).

### ABOUT THE INTOSAI-DONOR COOPERATION

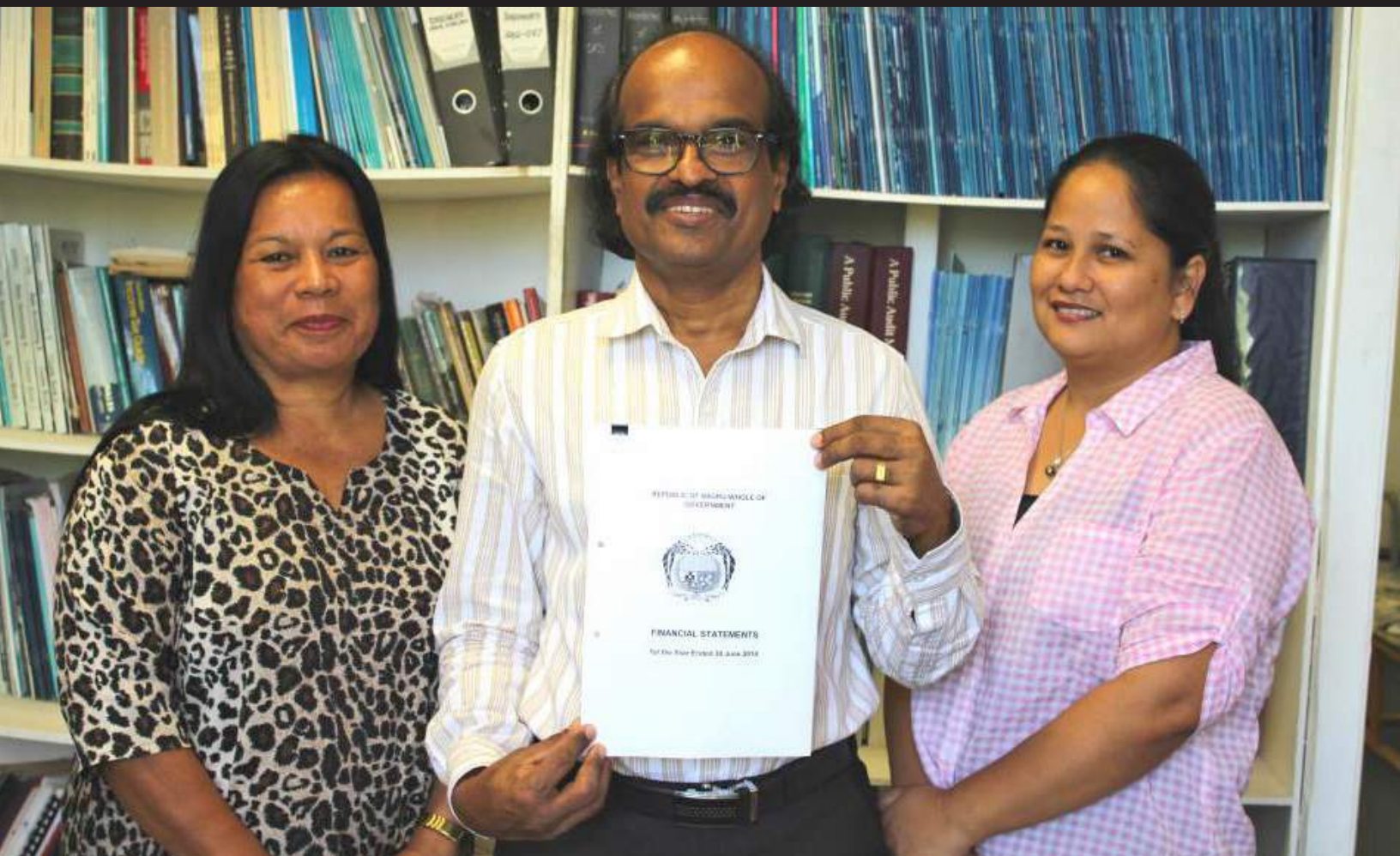
In 2009, INTOSAI and 15 Donors signed a milestone Memorandum of Understanding (MoU) designed to augment and strengthen support to the Supreme Audit Institution (SAI) community. The MoU recognizes the potential value SAIs contribute to strengthening governance, accountability and poverty reduction.

The MoU provides a common approach to increased strategic focus and coordination for donors and the SAI community in reinforcing SAIs in developing countries, which entails:

- Donors mobilizing additional funding for SAI strengthening;
- Increased strategic focus on the important role of SAIs in terms of governance, development and poverty reduction;
- Improved coordination of support to the SAI community; and
- Better and more effective support initiatives.

Support is provided through a hierarchy of activities, principally at the country level, and then at the regional and International Organization of Supreme Audit Institutions (INTOSAI) global levels.

Because the support is to be demand-driven and sustainable, it is based on strategic and development action plans.



## REGIONAL SUPPORT HELPS NAURU CLOSE 15-YEAR AUDIT GAP

Through the work of the Nauru Department of Audit, the Government of Nauru has reached an historical milestone—the Public Accounts for 2013-2014 was tabled during a Parliamentary session earlier this year—the first time following a 15-year backlog.

Despite the challenges associated with minimal staff, Nauru's Department of Audit has also managed to complete a number of compliance audits, as well as issue an annual report to the Minister of Public Service (as per the Audit Act).

This increase in capacity points to enhanced professional and collaborative working relationships and proves that working

together strengthens accountability, transparency and public financial management.

Mr. Manoharan Nair, Auditor General of Nauru, also attributed support from the Pacific Association of Supreme Audit Institutions (PASAI) as a contributing factor to achieving this milestone, citing PASAI technical assistance and staff participation in several capacity building workshops.

PASAI has designed a regional program specifically aimed to help Nauru achieve sustainability and ensure the Department of Audit receives continued support in conducting audits and receiving in-house mentorship and training over the next three years.

Utilizing auditors within the Pacific region as attachments for up to four months of the audit year, this augmented approach provides a solution to the Supreme Audit Institution's (SAI) human resource limitations, benefits the lives of the people of Nauru, and epitomizes PASAI's motto, "Pacific Auditors Working Together."