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The *International Journal of Government Auditing* is published quarterly (Winter, Spring, Summer, Autumn) in Arabic, English, French, German, and Spanish on behalf of INTOSAI (International Organization of Supreme Audit Institutions). The *Journal*, which is the official organ of INTOSAI, is dedicated to the advancement of government auditing procedures and techniques. Opinions and beliefs expressed are those of editors or individual contributors and do not necessarily reflect the views or policies of the organization.

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

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

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Auditing the funds donated to fight ebola: an integral element in the fight against the virus

I would continue to stress that auditing the funds donated to fight Ebola is indeed part of the fight against Ebola itself.

by Lara Taylor-Pearce
Auditor General of Sierra Leone

IT IS WITH great pleasure that I present this editorial for the current issue of the *Journal*. Ebola virus disease (EVD), previously called Ebola hemorrhagic fever, is a severe illness that often results in fatalities within a three-week period of contracting the disease. It is this aspect of EVD that gave it the chilling aura of hopelessness and helplessness with which it came to be associated in the early days of the fight.

The Ebola virus disease first appeared in 1976 in two simultaneous outbreaks, one in Nzara, Sudan, and the other in Yambuku, Democratic Republic of Congo. The latter was named after the River Ebola which is in the hamlet where the first outbreak occurred.

The current outbreak, the first of its kind in West Africa, emerged in the Republic of Guinea in December 2013 and spread rapidly within the three countries of the Mano River Basin: first, to Liberia and then, in May 2014, to my country, Sierra Leone. Sierra Leone reported its first confirmed case in a small village in Kissi Tongi, some 200 miles from the capital of Freetown. Since then, infections were subsequently reported in Nigeria, Senegal, Mali, the United States and the United Kingdom.

According to Sierra Leone's National Ebola Response Centre (NERC), as of the end of April 2015 there were 8,595

confirmed EVD cases. These cases ultimately resulted in 3,535 deaths, representing 41 percent of total confirmed cases.

At the onset of the outbreak, the head of State, His Excellency Dr. Ernest Koroma, and the Government of Sierra Leone made an impassioned appeal to both local and international partners for various kinds of support to fight the virus.

Within weeks of this appeal, well-meaning Sierra Leoneans at home in Sierra Leone and in the diaspora began responding with both financial and material support.

Such was the alarm caused by the virulent nature of the disease and its devastating toll on human life that within a short space of time, the local media went into overdrive publishing graphic text and pictorial illustrations of the ravage unleashed by the epidemic—in particular, among our country's poorest and most vulnerable communities. The response was dramatic; soon, both local and foreign businessmen donated billions of Leones into the Ebola basket fund that had been set up.

One local daily newspaper went as far as creating a column captioned "Ebola Donations," which, on a daily basis, gave a comprehensive up-to-date list of all donations, complete with the amount donated and the names and addresses of the various donors. The individual donations ranged »

“The audit resulted in the initial recovery of over three billion leones (approximately 600,000 USD), and more recoveries are still being made by the Public Accounts Committee of the Parliament of Sierra Leone.”

—Lara Taylor-Pearce

from as little as Le 500,000 (approximately 100 USD), to as much as hundreds of millions of Leones (hundreds of thousands of U.S. dollars). In many offices (both public and private) around the country, employees' associations voluntarily donated to the fight.

Other individuals and organizations made in-kind donations. These included medical supplies, food, clothing and other non-food items for quarantined homes and survivors. Women, children and other vulnerable groups were the primary beneficiaries of these donations. Some donors even provided vehicles and medical equipment.

These donations, especially the cash donations, were handed over to the government either through the Office of the President or the Ministry of Health and Sanitation. There were few instances where donations, especially of food and clothing, were delivered directly to beneficiaries.

At the Audit Service Sierra Leone (ASSL), the country's Supreme Audit Institution (SAI), we observed with keen interest as these donations were constantly being reported in the media. In fact, in some cases, some organizations and individuals bought full- or center-spread spaces in newspapers, and air time on radio and television, to showcase their very generous donations.

The ASSL, which is only now celebrating ten years as an independent institution (2004), came into being as part of the country's effort to implement the main objective of the Lima Declaration of Guidelines on Auditing Precepts, which is to promote independent government auditing. The predecessor organization was the Government Audit Department, established in 1962.

The ASSL derives its mandate from the powers vested in me as the Auditor General of Sierra Leone and Head of the Audit Service Sierra Leone. The mandate, which is detailed in Section 119 of the 1991 Constitution of Sierra Leone, empowers me to “audit all public funds.” Simply put, this means that all custodians of public funds (i.e., funds belonging to the government and people of Sierra Leone), are by default my clients and are therefore subject to my unhindered auditing at any time of my choosing.

This implies that funds donated to the government in the fight against Ebola were public funds and were therefore subject to my audit. It was therefore not a question of whether these funds were to be audited by my office, but one of when they should be audited.

The Ebola virus outbreak is a novelty to Sierra Leone, and as such we found ourselves in

uncharted waters bereft of the benefit of hindsight and relevant audit methodology. This dearth of hindsight meant that, from an auditing perspective, we had no reference point to serve as a guide for this type of audit. However, our experience from the audit of the management of the funds (which came after the event) donated to Sierra Leone's 50th Independence Anniversary Celebrations in 2011, where huge sums of money were spent and not properly accounted for, taught us that such funds are better audited on a real-time basis.

There have been a few instances recently where SAIs have embarked on the real-time audit of large national projects and government response to emergencies. For instance, the National Audit Office of the People's Republic of China (CNAO) conducted a real-time audit on the Wenchuan post-earthquake Recovery and Reconstruction Project in September 2008. In the United Kingdom, the National Audit Office conducted a number of real-time performance audits during preparations for the hosting of the 2012 Olympic Games. In both instances, these interventions highlighted significant problems which were addressed during those audits and led to the realization of savings and value for money.

It was in October 2014 that we engaged the two institutions that were charged with the responsibility at the time to lead this fight; namely, the Ministry of Health and Sanitation and the Emergency Operation Centre (EOC), which is now called the National Emergency Response Centre (NERC). At that time, these two agencies had admittedly spent in excess of Le 84 billion (approximately 17 million USD) on the fight. This money was from the donations I have already mentioned and from tax revenues the government allocated to this fight at the time.

These funds were spent on the purchase

of personal protective equipment, medical supplies, consumables, and incentive/hazard payments to healthcare workers.

It was clear from our audit that lapses were pervasive in the public financial management system in Sierra Leone, especially with issues related to procurement. These lapses ultimately resulted in the loss of public funds and a reduction in the quality and speed of the government's response to the EVD.

The audit resulted in the initial recovery of over three billion leones (approximately 600,000 USD), and more recoveries are still being made by the Public Accounts Committee of the Parliament of Sierra Leone (the parliamentary committee charged with looking into reports by the Auditor General).

From the reaction of the general public, including the mainstream and social media, it was clear that they were pleased with the timeliness of the report and its startling revelations.

I believe that this timely intervention has gone a long way to making the continuing response to this problem more efficient. It has also contributed to the reduction in the number of reported new cases from multiples of tens to single digits by the end of April 2015.

It is worth noting that donor funds channeled through implementing agencies such as the United Nations agencies and international non-governmental organizations were not covered during that phase of the audit. These funds were approved by the Sierra Leone Parliament and would ultimately have to be audited by my office.

I would continue to stress that auditing the funds donated to fight Ebola is indeed part of the fight against Ebola itself.

As public sector auditors, it will yield greater benefit to our citizenry if such timely audits are conducted during such situations.

News

from SAIs around the world

Tzvetan Tzvetkov is the new president of the Bulgarian National Audit Office (BNAO).



New President for SAI of Bulgaria

Mr. Tzvetan Tzvetkov was elected President of the Bulgarian National Audit Office (BNAO) by the National Assembly on March 26, 2015, following the adoption of a new National Audit Office Act.

Having joined the BNAO in 2006 as head of the Internal Audit Unit, Mr. Tzvetkov subsequently served as Vice President of the Bulgarian National Audit Office during 2011- 2014. In his capacity as Vice President, he was responsible for compliance audits and audits of financing for

political parties and election campaigns.

In 2000, as head of the State Financial Control Directorate, Mr. Tzvetkov led negotiations, in the area of financial control, to harmonize national legislation with European regulations. The State Financial Control Directorate was, as a result, restructured into the Public Internal Financial Control Agency and internal audit was introduced in the public sector. Mr. Tzvetkov chaired the Public Internal Financial Control Agency until September 2001.

He was one of the founders of the Institute of Internal Auditors in Bulgaria and chaired its Governing Board during 2003-2008 and 2009-2010. He was also a member of the Management Board of the European Confederation of the Institutes for Internal Audit (ECIIA) from 2007 to 2010.

Mr. Tzvetkov holds a master's degree in accounting from the University of National and World Economy, and has earned professional audit certificates (Certified Internal Auditor, Certified Government Auditing Professional, and Certification in Risk Management Assurance). He has extensive experience lecturing at international conferences and professional forums in the

fields of financial control, internal audit, and risk management.

According to the new National Audit Office Act, the BNAO consists of a president, two vice presidents and two members, who are all elected by the National Assembly. The members are nominated by the Institute of Certified Public Accountants and the Institute of Internal Auditors.

For more information contact the Bulgarian National Audit Office

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Latest news from Egypt's SAI

The Accountability State Authority (ASA) participated in the 13th General Assembly of the Asian Organization of Supreme Audit Institutions (ASOSAI) and the 6th Symposium on IT Audit held in Kuala Lumpur, Malaysia, February 9-13, 2015. An invitation was extended to ASA as the Chair of the African Organization of Supreme Audit Institutions (AFROSAI) and host of the 13th General Assembly of AFROSAI held in Sharm El Sheikh, Egypt, October 24-30, 2014.

The ASA would like to note that a proposed draft Memorandum of Understanding (MoU) for cooperation between ASOSAI and AFROSAI was submitted by the representative of Counsellor Hesham Genena, as AFROSAI Chairman, for consideration on the part of the ASOSAI Chair in preparation for formally signing it at the AFROSAI Governing Board meeting to be held in September 2015.

The ASA participated in the wrap-up meeting of the International Coordinated Parallel Audit of Public Debt Management Information Systems held in Tbilisi, Georgia, March 17, 2015. The meeting was attended by 13 participants. These participants presented their views and experience in this field, and reviewed results of the national audits and the draft joint report on the results of

the International Coordinated Parallel Audit of Public Debt Management Information Systems prepared by the SAI of Ukraine.

The ASA also participated in the 51st Arab Organization of Supreme Audit Institutions (ARABOSAI) Executive Council meeting held in Tunisia March 23-25, 2015. The meeting agenda included many important topics, such as a full report by the Chairman of the Governing Board and the General Secretariat about their activities since the last meeting of the council, the report of the 7th Professional and Audit Standards Committee meeting, and the report of the 8th ARABOSAI Institutional Capacity Building Committee meeting. During the meeting, the final accounts of 2014 and the estimated 2015 budget were approved, as was a complementary budget of the 51st Governing Board meeting expenses. SAIs also presented progress reports regarding their participation in INTOSAI committees and working groups.

For more information contact the Accountability State Authority

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New certification in Kazakhstan

The main purpose of the certification is to ensure that public auditors' qualifications are in compliance with international standards

The Strategy Kazakhstan-2050 determines key priorities for our country's long-term development. It modernizes Kazakhstan's economy and enhances its competitiveness. In addition to basic priorities, it includes innovative industrialization, the development of the agro-industrial complex, transport, and energetics.

New obligations for an effective public administration system require an efficient public financial control system.

Thus, in the Strategy Kazakhstan-2050, President of the Republic of Kazakhstan Nursultan Nazarbayev noted the need to establish a comprehensive public audit system based on international best practices.

Public financial control authorities who shift to public audit will be able to carry out their activities more efficiently and qualitatively, according to international standards.

The Accounts Committee for Control over Execution of the Republican Budget, jointly with other public bodies, studied advanced international standards. As a result, in September 2013 the Concept on Public Audit Implementation in the Republic of Kazakhstan, which determines basic approaches to reforming the public financial control system, was approved by the Decree of the President.

In order to implement this Concept, the Accounts Committee, together with the government, drafted and submitted a draft law on public audit and financial control to Parliament.

One of the important objectives of the draft law is the professional development of employees, especially through the implementation of an integral public auditors' certification program.

The main purpose of the certification is to ensure that public auditors' qualifications are in compliance with international standards and the requirements of contemporary practices, as well as to obtain a comprehensive and objective assessment of their professional skills and management abilities.

An analysis of best practices worldwide indicate an increase in professional certification. There are now a great number of international certification systems worldwide, in the fields of accounting,

audit, and financial management and public financial management.

In many supreme audit institutions, such as in the United States, Great Britain, Sweden, Finland, Turkey and Russia, the presence of appropriate certificates is a significant advantage for public auditors.

According to the draft law, the certification will be conducted by the National Commission on Public Auditors' Certification. This commission will include representatives of the President's executive office, other divisions of government, the authorized body on internal public audit, the Accounts Committee, and deputies of the Parliament.

The purpose of the public auditors' certification is to verify adequate knowledge in the field, as determined by the Accounts Committee. In addition, a list of positions to be certified will be approved by the appropriate bodies of public audit and financial control.

In accordance with the draft Conceptual Approaches to Formation of the Pool of Certified Public Auditors elaborated by the Accounts Committee, the basic functions of the National Commission will be to:

- review candidates' personnel records,
- process the certification of auditors through testing and interviews with candidates,
- maintain a register of public auditors, and
- determine a public auditor training policy relating to topics such as qualification requirements, certification disciplines, the professional development of public auditors, and amendments to legislative documents on public auditors' certification.

Those expected to qualify for certification include individuals who have pursued higher education in the fields of accounting, audit, finance, economics, management, public management and taxation, as well as five years of continuous professional experience in organizations concerned with public financial control, public finance and economics. The National Commission will certify qualified candidates as official public auditors.

Effective January 1, 2018, those who are not

certified public auditors will not be allowed to practice. It will be required that certification confirmation take place every three years. Certification will be suspended and withdrawn in the case of criminal liability for a corruption offense.

In August 2014, the Accounts Committee approved the Action Plan on the Implementation of Public Auditors' Certification. This plan determined the preparation and execution of the pilot project to certify the staff of the Accounts Committee and Revision Commissions.

In accordance with this plan, the following were developed: drafts of the rules on training and capacity building of the employees of public audit and financial control bodies; rules on the corporate human resources policy; regulations on the national commission over public auditors' certification; and rules on the practices of certifying public auditors.

During this transition, the cost of training current public auditors will be paid by public funds. In the future, training and certification will be carried out at the expense of those individuals who apply for a public auditor certification.

One of the key factors influencing the success of the public audit system is qualified staff with a high level of knowledge and skills, and a focus on continuous improvement. The Accounts Committee needs highly qualified international experts and consultants in the field of public audit and risk management to train the employees of the public audit system.

An increase in certified and professional public audit employees who are knowledgeable about contemporary methods will allow us to solve strategic tasks more efficiently, thereby significantly contributing to the social and economic development of our country.

*Submitted by Sovkhozbeke Kulmagambetov,
Member of the Accounts Committee
for Control over Execution of the Republican Budget,
Republic of Kazakhstan*

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State Audit Bureau of Kuwait

From April 27-30, 2015, the State Audit Bureau of Kuwait (SAB) hosted the 8th meeting of ARABOSAI's Working Group on Environmental Auditing and the symposium on "Evaluation of the Medical Waste Disposal Operations Efficiency." SAB was appointed to chair the working group following the end of the Central Auditing Organization of Egypt's term as chair.

SAB participated in the Financial Audit Subcommittee meeting held April 29-30, 2015, in Luxembourg. SAB also participated in programs held in cooperation with the INTOSAI Development Initiative (IDI) on INTOSAI standards application in the fields of financial, performance and compliance audits, from May 26 to June 12, 2015, in Morocco.

One of SAB's trainers participated in two meetings that were held May 4-9, 2015, in the

United Arab Emirates, and April 13-18, 2015 in Morocco.

SAB also participated in the INTOSAI meeting regarding the revision of ISSAI 30— Code of Ethics held in Warsaw, Poland, June 11-12, 2015, as well as the joint EUROSAI and OLACEFS conference held June 24-26, 2015, in Ecuador, and the 24th meeting of the INTOSAI Working Group on Information Technology Audit (WGITA) held June 29-30, 2015, in Poland.

**For more information contact the
State Audit Bureau of Kuwait**

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New vice president for Lao SAI

On August 20, 2014, at the State Audit Organization of Lao People's Democratic Republic (PDR), Ms. Amphonery Keola retired as the Vice President of the State Audit Organization of Lao PDR. On this occasion there was an announcement of the appointment of Mr. Ken Lovanxa Y, Director General of the State Bank and Enterprise Department, as the new Vice President of the State Audit Organization of Lao PDR.

New Central Regional Office

On August 22, 2014, the Central Regional Office

was established. The Central Regional Office will assume the responsibility of auditing six provinces in the central part of Lao PDR.

*Submitted by Mr. Bounleuam Douangneun,
Deputy Director General of International Cooperation
Department*

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National Audit Office of Lithuania

**Dr. Arūnas
Dulkys is the
new Auditor
General of the
Republic of
Lithuania.**



New Auditor General of the Republic of Lithuania

Dr. Arūnas Dulkys was appointed Auditor General of the Republic of Lithuania on April 15,

2015, for a term of five years. This appointment was made by the decision of the Lithuanian Parliament (Seimas) on the recommendation of the President of the Republic of Lithuania.

Dr. Dulkys holds a Ph.D. in social sciences. He is an expert in monetary policy and public finance management, and has considerable experience in public sector institutions such as the Bank of Lithuania, the Lithuanian Mint, and the National Audit Office of Lithuania.

Dr. Dulkys served as Director of Audit Department 8 at the National Audit Office, which is responsible for regulating the use of European Union structural funds. He has also served at the Seimas of the Republic of Lithuania as the Head of the Secretariat of the Speaker and the Economic Advisor to the Speaker.

National Audit Office has had its quality management system certified

The National Audit Office of Lithuania (NAOL) has received a certificate confirming that the quality management system of the institution

complies with LST EN ISO 9001:2008 standard requirements.

Since 2013, the NAOL has been implementing the project “Implementation of the quality management model in compliance with ISO 9001: 2008 quality standard requirements at the National Audit Office.” The project is funded by the European Social Fund and is cofinanced by the budget of the Republic of Lithuania under the European Union Human Resources Development Operational Program for 2007–2013. The goal of the project is to increase performance efficiency by implementing a quality management system that conforms to internationally recognized standards.

The project activities included NAOL performance analysis, identification of areas for improvement, development of quality management system documentation and detailed descriptions of business processes, and a creation of a performance efficiency evaluation system. The quality management system covers all activities of the National Audit Office, focusing both on external and internal customers as well as on business processes and resources.

An audit of the NAOL quality management system was conducted in February and March 2015, and revealed that the system complies with LST EN ISO 9001: 2008 standard requirements.

Assessment of the NAOL IT Audit and IT Governance Carried out by Swiss Experts

A delegation of the Swiss Federal Audit Office paid a visit to the National Audit Office of Lithuania (NAOL) March 16–20, 2015, at the invitation of the NAOL. The Swiss and NAOL experts carried out an assessment of the NAOL information technology (IT) audit and IT governance areas.

The NAOL IT governance assessment, using the IT governance self-assessment methodology prepared by the EUROSAI IT Working Group, was first carried out in 2003 and was led by the Netherlands Court of Audit. This was the first IT governance self-assessment event in EUROSAI, and the NAOL was involved in the development of the self-assessment methodology. Later, in 2006, the Information Technology Management Strategy of the National Audit Office was prepared based on the results of a repeated IT governance self-assessment. The main purpose of the self-assessment was to contribute to the strategy by identifying maturity gaps in critical IT processes and weaknesses in the IT area.

It is not by chance that the NAOL IT governance self-assessment is carried out in 2015—last year the Information Technology Strategy of the NAOL 2015–2020 was prepared using the “goals cascade,” a technique proposed in Control Objectives for Information and Related Technology (COBIT) methodology that allows an organization to link its business goals, IT goals and IT processes. The technique calls for establishing balanced metrics for business goals and IT goals, and selecting and applying best practices to increase maturity of appropriate IT processes.

The strategy provides for regular assessment of the IT governance maturity until 2020. The first assessment is being carried out in 2015, the second one is planned in 2017–2018, and the third one will be in 2020, at the end of the strategy period.

Continuous assessment of the IT governance maturity is one of the mechanisms for monitoring the progress of the implementation of the IT governance strategy, and should be used as a standard instrument for taking corrective actions as appropriate.

The experts noted the high NAOL IT governance maturity at the strategic level; basically, all the key IT processes have been documented, and the key IT performance indicators have been identified to monitor improvements of IT function. Practical areas for further improvements include identification and continuous monitoring of indicators for IT service levels and IT service optimization.

The National Audit Office was also the first EUROSAI member to carry out IT audit assessment in 2007, which was led by experts from the Supreme Audit Institution of Norway and the European Court of Auditors. The second self-assessment event was intended to evaluate the progress achieved. The experts pointed out the solid methodological foundation of the NAOL IT audit and good audit quality assurance status. Areas for improvement include linking IT audit strategic development with the growing importance of IT projects and funds allocated, and enhancement of the IT audit function by allocating required resources, and using staff training and motivation measures.

For additional information, please contact the National Audit Office of Lithuania:

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News from SAI Myanmar

Through study visits to Kuala Lumpur, Myanmar's partners gained a more detailed and focused knowledge of the work, roles and responsibilities of the Malaysian Institute of Accountants.



Second Study Visit to Malaysia for financial sector development in Myanmar

The German Society for International Cooperation (GIZ) organized the Malaysia Study Visit for Accounting and Auditing in the Myanmar Banking Sector. Myanmar has adopted International Financial Reporting Standards as Myanmar Financial Reporting Standards, and International Standards on Auditing as the Myanmar Approved Standards on Auditing in the financial sector. GIZ supported the implementation and enforcement of these standards in the banking sector.

In 2014, GIZ organized the first study visit to Kuala Lumpur, Malaysia. During this visit, participants gained important insights on the relationships and interactions among regulators, banks, auditors and accounting associations.

The second study visit for Myanmar, which had 16 participants, was held May 10-15, 2015. Participants from Myanmar represented the Office of the Auditor General of the Union, the Central Bank of Myanmar, the Myanmar Accountancy Council and the Myanmar Institute of Certified Public Accountants.

Key partners from Malaysia were the Malaysian Institute of Accountants, the Bank Negara Malaysia,

the Audit Oversight Board and the National Audit Department.

Through this visit, Myanmar's partners gained a more detailed and focused knowledge of the work, roles and responsibilities of the Malaysian Institute of Accountants, Bank Negara Malaysia, the National Audit Department and the Audit Oversight Board. The sessions were facilitated by GIZ, as well as by international consultants and representatives from the Malaysian Institute of Accountants, Bank Negara Malaysia, the National Audit Department and the Audit Oversight Board.

These sessions also facilitated an environment of openness and togetherness, in which participants could share knowledge and experiences.

Malaysia was a great support in enriching the auditors' capacity in the banking sector and in raising their credibility and professionalism. The participants are encouraged to actively network with their counterparts to follow-up on issues after the study visit.

For more information contact the Office of the Auditor General of the Union

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SAI Netherlands: Stuiveling retires

Saskia J. Stuiveling retires as President of the Netherlands Court of Audit

His Majesty the King of the Netherlands granted Saskia J. Stuiveling an honorable discharge from her position as Board member and President of the Netherlands Court of Audit on June 1, 2015. The discharge had been requested on account of Ms. Stuiveling reaching the age of 70. Ms. Stuiveling had been President of the Court of Audit since 1999 and a member of its Board since 1984. She bade farewell to the Court on May 28, 2015.

To mark her retirement, a seminar was held for guests under the title, “The Art of Open Data.” The speakers included Prince Constantijn of Orange Nassau, who spoke on the possibilities and potential use of open data; a researcher from Statistics Netherlands; and Henk Scholten, the managing director of Geodan.

The President of the House of Representatives, Anouchka van Miltenburg, said the Court of Audit had become a leading and authoritative participant in the political and social debate during Ms. Stuiveling’s presidency.

On behalf of the government, the Prime

Minister, Mark Rutte, addressed Ms. Stuiveling in personal terms. He praised her tenacity, individuality and her championing of open data. In appreciation of her many years’ work on behalf of a transparent and innovative government, the Prime Minister unveiled the “Stuiveling Open Data Award.” It will be presented for the first time next year to a public or private party that has made the most innovative use of open data to address social issues.

Arno Visser, a member of the Court’s Board, handed Ms. Stuiveling the first copy of a book entitled *The Art of Audit* in which eight former or current presidents of supreme audit institutions were interviewed about their work as external auditors of the public sector. The interviewees—Faiza Kefi (Tunisia), Josef Moser (Austria), Terence Nombembe (South Africa), Heidi Mendoza (Philippines), Alar Karis (Estonia), David Walker (United States), John Muwanga (Uganda) and Abdulbasit Turki Saeed (Iraq)—talked openly about the roles they played to help emancipate and professionalize supreme audit institutions in vulnerable states, often in the face of opposition and sometimes in very difficult and dangerous conditions. »



Ms. Stuiveling had been President of the Court of Audit since 1999 and a member of its Board since 1984. She bade farewell to the Court on May 28.

About *The Art of Audit*

Public accountability, good governance and public faith in the government are inextricably linked to each other. Supreme audit institutions have a key role to play. The Netherlands Court of Audit audits the Dutch government's revenues and expenditures and the government's implementation of its policies. Supreme audit institutions strengthen confidence in the government, especially in countries with weak democracies. They also try to uncover corruption and check that the government actually builds the roads, wells and houses it promises. Supreme audit institutions can rightly be called "watchdogs" for the public and parliament. *The Art of Audit* was compiled by the financial and economic journalist Roel Janssen.

For more information about the book, contact Mirjam Brandenburg (m.brandenburg@rekenkamer.nl)

New Board member

The Court of Audit's Board consists of three members: Saskia Stuiveling, President; Kees Vendrik; and Arno Visser. The procedure to appoint a new

member is laid down in the Government Accounts Act 2001.

The Court of Audit itself first draws up a public list of up to six candidates and submits it to the House of Representatives. Acting on a recommendation of the Committee on Government Expenditure, the House of Representatives prepares a list of three nominees. The Minister of the Interior and Kingdom Relations then proposes one of the nominees to the government for appointment to the Board. The Court of Audit's Board members are appointed by Royal Decree for life (retirement age of 70).

The Court cannot appoint one of its three members to succeed Ms. Stuiveling as President until its membership is complete again. The vacancy is expected to be filled around September 15, 2015. In the meantime, the member with the longest service, Kees Vendrik, has been acting as President since June 1.

For more information contact the Netherlands Court of Audit

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New AG for SAI Pakistan

Rana Assad Amin as the Auditor General of Pakistan.



Rana Assad Amin appointed as New Auditor General of Pakistan

The President of the Islamic Republic of Pakistan has appointed Rana Assad Amin as the Auditor General of Pakistan. Rana Assad Amin formally

assumed the office of the Auditor General on June 8, 2015.

Rana Assad Amin brings to his job rich and varied experience gathered over a span of more than thirty-five years in public service. He has served in various key posts of the Government of Pakistan, in areas of public financial management, auditing, and accounting. He has also been on the boards of various public sector organizations.

Before being appointed as the Auditor General of Pakistan, Mr. Amin was working as the Advisor to the Ministry of Finance, Government of Pakistan.

Rana Assad Amin holds a master's degree in project management from Malardalens University, Sweden, and a master's degree in business administration from the Bradford University, United Kingdom. He also possesses a bachelor's degree in law and a master's degree in political science from the Punjab University, Lahore, Pakistan.

For more information contact the Office of the Auditor-General of Pakistan

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His Excellency
Sheikh Bandar bin
Mohamed bin Saud
Al-Thani, President
of the Audit
Bureau of Qatar.

Qatar announces new SAI president

The Audit Bureau of Qatar (ABQ) announces the appointment of His Excellency Sheikh Bandar bin Mohamed bin Saud Al-Thani as the president of the Audit Bureau of Qatar (ABQ).

H.E. Sheikh Bandar Bin Mohammad bin Saud Al-Thani was born in 1977. He holds an Executive Master of Business Management degree from the Paris Graduate School, and a Bachelor of Science in Business Management (Finance) from the American University in Washington, D.C., in the United States.

Sheikh Bandar had been working in the

financial sector for a long period of time before assuming his current position as President of the ABQ. He has held multiple senior positions in several areas of the Qatar Central Bank. His most recent position was the CEO of Qatar Credit Bureau.

**For more information contact the
Audit Bureau of Qatar**

**E-mail: info@abq.gov.qa
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SAI Russia and the 2014 Olympics

Auditing the efficiency of the use of state appropriations for the organization and hosting of the 22nd Winter Olympic Games

In 2014, the Russian Federation hosted the 22nd Winter Olympic Games and the 11th Winter Paralympic Games. The Russian Federation met its international obligations in full with respect to hosting the Games, and in accordance with the requirements set by the International Olympic Committee (IOC) and the International Paralympic Committee (IPC).

Towards the realization of the Olympic project, the government of the Russian Federation enacted a program of Olympic facility construction and development of the city of Sochi as an alpine resort.

This program consisted of two subprograms: the “Olympic Sporting and Ancillary Facility Construction” subprogram, which directly involved construction expenses of Olympic sporting facilities and of the organization and hosting of the Olympic Games; and the “Sochi City Alpine Resort Facility Construction and Reconstruction” subprogram, which directly involved expenses aimed at the development of the city of Sochi as an alpine resort.

In 2014, after the Olympiad was concluded, a government audit was conducted. The Accounts Chamber of the Russian Federation carried out a comprehensive assessment of the efficiency of the use of state appropriations for the organization and hosting of the 22nd Winter Olympic Games and the 11th Winter Paralympic Games, and for the development of Sochi as an alpine resort in the years 2008-2014.

In 2015, the results of the assessment were compiled. In the course of the audit it was established that 13 sporting facilities were constructed, as were 22 ancillary sporting facilities.

Also created were more than 200 new infrastructural facilities for transport, education, culture, exercise and sport; more than 1,500 km of new engineering networks, transmission lines, and communications; more than 360 km of roads and bridges; approximately one million square meters of road surfacing and sidewalks; 22 tunnels; 201 km of railway; and 156 automobile and railway bridges totaling over 43 km.

The total capacity of the Olympic facilities

of the coastal cluster is 82,000 people, while the mountain cluster holds 45,550 people. The total area of the temporary infrastructure is over 92,000 square meters, which includes spectator stands for 14,365 people.

It is important to note that measures were taken to ensure no ecological damage was done to the region. Over 500 compensatory exercises were undertaken toward improving the unique natural environment of the region and to create a conservation corridor of over 670,000 hectares.

As for the social aspect, a positive result of hosting the Games in the region is the construction and development of a barrier-free environment. This is shown by the following data: the number of accessible transport units in the Sochi city and suburban network has increased fivefold, 40 km of routes for mobile members of the public have been created, and about 350 streets have become accessible to the disabled.

The Accounts Chamber has established that the expenses for the organization and hosting of the 22nd Winter Olympic Games and the 11th Winter Paralympic Games (construction of sporting and ancillary facilities, construction of temporary infrastructure, and hosting the Games) amounted to, in total, 324.9 billion rubles, of which: 221 billion rubles were private investments, 103.3 billion rubles were from the federal budget, and 0.6 billion rubles were from the Krasnodar Krai and Sochi budgets.

The Accounts Chamber has carried out an analysis of the Games’ organization with respect to management mechanisms. The management system set up for the Games has proven to be effective. This system consisted of organizations established expressly for that purpose: the Autonomous Nonprofit Organizations Sochi 2014 Organizing Committee, Agency for Ceremonies, the State Corporation Olimpstroy, and government and public institutions. Mechanisms of collaboration established for all the participants in the Olympic project were set up, which demonstrated the efficiency of this

management system with over 100 federal institutions of the executive branch, agencies, and organizations.

This system has also proven to be an effective instrument for collaboration with the IOC and IPC, as it facilitated the hosting of coordination meetings with the IOC/IPC leadership, as well as daily working consultations with the IOC/IPC coordination office.

In the course of realizing the Olympic project, new approaches to the organization of the Olympic Games were applied. These methods applied in the hosting of the Olympic Games are entirely novel. For instance, for the first time free Internet access was provided to mass media representatives in all press zones, and the main media center (150,000 square meters) was one of the largest in the history of the Olympic Games. Also for the first time in the history of the Games, each volunteer received free accommodation, meals, and a complete set of uniforms.

The Accounts Chamber has gained unique experiences of comprehensive assessment of an

international-level project in the area of sport.

At the present time, the Russian Federation is faced with the task of fulfilling international obligations with respect to hosting the 2018 FIFA World Cup and the 2017 FIFA Confederations Cup. The organization of these competitions at a high level has been taken under special supervision by the President of the Russian Federation, Vladimir V. Putin.

The experience from the management and control of the Olympic project, together with the Accounts Chamber's potential, will become an important guarantee of the successful organization and hosting by the Russian Federation of the 2018 FIFA World Cup and the 2017 FIFA Confederations Cup.

For more information contact the Accounts Chamber of the Russian Federation

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News from SAI Saudi Arabia

His Excellency Mr. Osama Jafar Faquih, President of the General Auditing Bureau, headed the 14th Annual Meeting of the General Auditing Bureau's (GAB) department heads in GAB's headquarters in Riyadh, on January 15, 2015. A number of topics concerning audit work in GAB were discussed at this meeting, including matters related to financial and performance audits. The meeting ended with a number of recommendations and decisions which aim to promote the performance efficiency of GAB.

Mr. Faquih opened the 12th annual seminar to support methods of cooperation for achieving the goals of performance audit and comprehensive audit, titled "Ways of Activating the Role of Internal Audit Units in Government Sector and Public Associations." This conference was held April 26-27, 2015, at the Institute of Public Administration in Riyadh.

Mr. Faquih headed a delegation to attend the 13th Meeting of Presidents of Gulf Cooperation Countries (GCC) SAIs held in Kuwait November 18, 2014; the 66th INTOSAI Governing Board Meeting held

in Vienna, Austria, November 6-7, 2014; the 48th General Assembly of ASOSAI, held February 8-13, 2015, in Kuala Lumpur, Malaysia; the 50th General Assembly of ARABOSAI held in Egypt March 4-6, 2014; and the 51st General Assembly of ARABOSAI held in Tunisia March 23-25, 2015.

GAB organized a training program titled "Role of SAIs in Evaluating Internal Audit Systems," in cooperation with the General Secretariat of GCC SAIs for auditors of their SAIs.

In light of exchanging expertise with peer SAIs, GAB, in cooperation with SAI India, conducted a number of training courses, including CAATs, social audit and training the trainer.

For more information contact the General Auditing Bureau of Saudi Arabia:

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Website: www.gab.gov.sa**

Karol Mitrík is the new President of the Supreme Audit Office of the Slovak Republic.



New president for SAI of Slovakia

The National Council of the Slovak Republic (Slovak Parliament) elected Karol Mitrík as the new President of the Supreme Audit Office of the Slovak Republic on May 21, 2015.

Mr. K. Mitrík has a long and distinguished career in the public sector. He served, among other positions, as Vice Mayor; he was Mayor of the City of Spišská Nová Ves for two terms; and, he was a local government and upper-tier government deputy.

He also was a Member of the Slovak Parliament for one term, and later he was Director of Slovak Information Service (secret service).

Mr. K. Mitrík succeeds Mr. Ján Jasovský, who,

since February 2005, has served as the President of the Supreme Audit Office of the Slovak Republic.

Mr. K. Mitrík also succeeds Mr. J. Jasovský as the top representative of the INTOSAI Capacity Building Committee's Subcommittee for Peer Review. The Supreme Audit Office of the Slovak Republic has chaired the Subcommittee since 2012.

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

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Two new AGs for SAI of Sweden

Two new Auditors General appointed to the Swedish National Audit Office

On August 3, 2015, Ms. Susanne Ackum and Mr. Ulf Bengtsson will be joining Auditor General Ms. Margareta Åberg as Auditors General of Sweden.

Ms. Susanne Ackum presently holds a position as Director-General at the Ministry of Finance. She has a Ph.D. in economics and was previously Secretary of State for Finance Minister Mr. Anders Borg of the former government, and has served as Director General of the Institute for Evaluation of Labour Market and Education Policy.

Mr. Ulf Bengtsson is currently Director General of the Swedish Agency for Government Employers. Previously, Mr. Bengtsson has held positions as Director General of the Swedish Armed Forces, and Budget Director at the Ministry of Finance.

For more information contact the Riksrevisionen of Sweden

**E-mail: nt@riksrevisionen.se
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News from the SAI of Ukraine

Wrap-up meeting of the participants and observers of the International Parallel Audit of Public Debt Management Information Systems

The wrap-up meeting of the participants and observers of the International Parallel Audit of Public Debt Management Information Systems took place in Tbilisi, Georgia, March 17-18, 2015.

The decision to carry out parallel audit was approved by the INTOSAI Working Group on Public Debt (WGPD) during its meeting in 2012 in Finland. The audit was performed in 2013-2014 by nine INTOSAI members (SAIs of Brazil, Bulgaria, Fiji, Georgia, Moldova, Romania, Yemen, Zambia, and, as the project manager, Ukraine). SAIs of China, Egypt, Mexico and the Russian Federation joined the project as observers.

In accordance with the adopted Common Program of the parallel audit in 2013, the participating SAIs conducted a preliminary study of public debt management information systems at their national levels. In 2014 they carried out

a principal survey to test national information systems.

To successfully implement the Common Program, participant SAIs held two midterm meetings in 2013 and 2014 in, respectively, the Ukraine and Moldova, in order to discuss the project progress and problems that arose during the course of the audit.

Within the framework of the wrap-up meeting (which included 24 participants from 13 SAIs), the Accounting Chamber of Ukraine presented the Draft Joint Parallel Audit Report. This report was highly praised by the meeting's participants.

After the consideration of received comments and proposals, the Final Joint Parallel Audit Report was to be presented during the INTOSAI WGPD annual meeting scheduled for July 21-23, 2015, in Livingstone, Zambia.

For more information contact the Accounting Chamber of Ukraine

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New action plan for SAI Vietnam

State Audit Office of Vietnam promotes development of performance audit

On December 29, 2014, the Auditor General of the State Audit Office of Vietnam (SAV) established performance audit functions in all of SAV's 20 specialized audit departments and regional state audit offices. This action aims to extend and enhance the use and effectiveness of performance audits within the organization. The short-term and long-term goals of this new decision is to improve four criteria of the organization's auditing activities: economy, effectiveness, efficiency, and management performance.

The action plan to increase performance audits has been set up to include two main phases in order to best prepare for decision implementation. In the first phase, short-term goals are intended to build a legal base for the increase of performance audits. In the meantime, SAV is entrusted with developing regulations for performance audits, and determining the mandates, functions, covered areas and legal rights of performance audits. A system of performance audit standards that respects international practices, ISSAIs, and Vietnamese practices is under development and is expected to be finalized this year.

In the second phase, SAV is due to concentrate on two major duties: establishing a performance audit framework and guidelines, and personnel training. The performance audit framework and guidelines will provide auditors with specific guidance on performance audits. For personnel training, a long-term

schedule has been prepared: SAV plans to continuously offer auditors internal trainings on performance audits; appropriate auditors will be nominated to attend international training courses related to performance audits; internal and international conferences aimed at exchanging experience and knowledge on performance audits will be organized; and staff recruitment will be open to candidates with knowledge of and experience in performance audits.

Vietnam will host the 14th ASOSAI Assembly

At the 13th Assembly of the Asian Organization of Supreme Audit Institutions (ASOSAI) held in Kuala Lumpur, Malaysia, from February 10-13, 2015, the State Audit Office of Vietnam was officially approved as the host of the next ASOSAI Assembly, to be held in 2018. This action reaffirms the importance, development and prestige of SAV as it integrates into the ASOSAI community.

This honor presents SAV with both opportunities and challenges for the coming years, as it joins the ASOSAI Governing Board for 2015-2024—particularly as the next Chair of ASOSAI for the term 2018-2021.

For more information contact the
State Audit Office of Vietnam

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News from SAI Zambia

Zambia's auditor general signs Memorandum of Understanding (MoU) with drug enforcement commission and the financial intelligence center

The Office of the Auditor General Zambia recently signed an information exchange Memorandum of Understanding (MoU) with the Drug

Enforcement Commission (DEC) and the Financial Intelligence Center (FIC).

The MoU will enable the Office of the Auditor General to access timely information from the DEC and FIC, with the intention of expeditiously conducting its audit works.

Speaking during the official signing of the MoU, Auditor General Anna Chifungula noted that the signed MoU among the three institutions would



Auditor General Dr. Anna Chifungula, flanked by DEC Commissioner Ms. Alita Mbahwe and Financial Intelligence Center Director and Chief Executive Officer Mrs. Mary Chirwa Sikazwe, during the signing ceremony in the OAG Conference room.

also enable the timely sharing of information that requires further investigation and prosecution by law enforcement agencies.

Dr. Chifungula said that the mandate of the FIC is to enforce the fight against money laundering and terrorist financing, among other serious offenses. She added that a timely exchange of information between her institution and the FIC will be of great help to auditors who specialize in various types of audits—especially in forensics and investigative audits. She said that it was that information that would also filter through the DEC, which has prosecutorial power.

Dr. Chifungula further stated that her office would cooperate with the DEC in combating and fighting fraud and money laundering activities that involve government resources.

The Auditor General said joint efforts by her office, and those of the FIC and the DEC, have

the capacity to prevent the country's revenue from being lost in extractive industry.

Speaking at the same event, DEC Commissioner Alita Mbahwe observed that the partnership her commission has entered into with the Office of the Auditor General signified a concrete step in fostering closer cooperation to combat fraud and money laundering activities involving public funds.

Ms. Mbahwe said that she was confident this new agreement would reinforce cooperation between the two institutions, and lead to further opportunities to achieve the common goal of a Zambia that is free from the plunder of public resources.

FIC Director and Chief Executive Officer Mary Chirwa Sikazwe expressed her happiness that these government institutions could work together. »

Message from the INTOSAI General Secretariat:

The INTOSAI General Secretariat would like to take this opportunity to remind INTOSAI members of the criteria for membership, as described in Article 2 of INTOSAI's statutes: <http://www.intosai.org/about-us/statutes/article-2-participation.html>

Auditor General Dr. Anna Chifungula receiving her award from former Secretary to Cabinet Mr. Leslie Mbula at Southern Sun Hotel in Lusaka. Looking on is the PFC Chairperson Ms. Namatama Mundia.



Auditor General of Zambia Dr. Anna Chifungula receives the 2015 Mama Julia Chikamoneka Award

Former Secretary to Cabinet of Zambia Leslie Mbula says gone are the days when society viewed women as mere helpers.

Mr. Mbula officiated at the Mama Julia Chikamoneka Award dinner, in honor of Zambia's Auditor General Anna Chifungula.

Mr. Mbula said that he was aware that the award is named after a gallant female freedom fighter who, together with other women, fought fiercely against colonialism.

He said Mama Chikamoneka and her colleagues showed colonialists that the struggle for freedom was not just for men, but for women as well.

He noted that he was mindful of the role women

in Zambia continued to play in society, a role which he admitted was often bigger and stronger than that played by some men.

Mr. Mbula stated that judging by the current leadership positions women were assuming, he had every confidence that very soon Zambia would have a female president.

"Statistically, women top the list of registered voters in this country. This is another testimony that when women unite for a common cause their might surpasses that of men," Mr. Mbula observed. "However, I wish to express disappointment that when it comes to supporting each other our women are culprits. Going by the numbers of our men in this country we could have had a female President by now if they supported each other."

He said he was looking forward to a time when women would rise up and wrestle that power from

“As you may be aware, as Auditor General, you have less friends... But this is a job that has to be done if we are to continue to safeguard public resources, not only for our generation, but even for the generations to come. And today’s award is the symbol of that success that comes from being selfless.”

— Dr. Anna Chifungula

men through the vote and change things in the country for the better.

Mr. Mbula challenged women to do more towards economic independence, saying that this could be done especially since they did it for the country’s political independence.

Speaking earlier Chairperson of the Press Freedom Committee of the Post (PFC) Ms. Namatama Mundia said Dr. Chifungula had demonstrated great courage, intelligence, independence and integrity in discharging her role in public service

And giving her acceptance speech, Auditor General Anna Chifungula said she was deeply honored to have been selected to receive the Mama Julia Chikamoneka Award in commemoration of the 2015 Women’s Day.

Dr. Chifungula stated that other greater women had received the award before her and she felt proud to be among them.

She confessed, however, that she was under the impression that the award was only preserved for politicians or freedom fighters; and that considering to honor her, an individual who had nothing to do with politics, was rather elating.

“But I am also mindful that economic and financial freedom is equally essential. The need to spend wisely and prudently for the benefit of our citizenry is crucial. Thank you for recognizing this aspect as well. I therefore accept this award in honour of a woman of substance, Julia Chikamoneka, who fought hand in hand with her women and men to free this country we enjoy today,” Dr. Chifungula said.

She also disclosed that the award came at the time when she would be celebrating her 40 years of unblemished public service in the government of the Republic of Zambia, which consisted of 14 years in accounting, 12 years in internal audits,

three years as a top civil servant and 12 years as an external auditor.

She pointed out that, like Mama Julia Chikamoneka, who relentlessly pioneered political engagement and activism for freedom from colonial rule and faced arrests, she too has faced challenges in her public service work. Hard work and determination have helped to overcome these challenges, and helped her gain outstanding experience and accolades.

“As you may be aware, as Auditor General, you have less friends because the moment you write about someone’s misdealings in their work in (your) report, then they cease to be your friends,” Dr. Chifungula said. “But this is a job that has to be done if we are to continue to safeguard public resources, not only for our generation, but even for the generations to come. And today’s award is the symbol of that success that comes from being selfless.”

She dedicated her award to her biological family and the bigger family—the staff of the Office of the Auditor General for the teamwork and support during her tenure as Auditor General.

She also stated that as she was moving closer to the end of her tenure in office, she was looking forward to her successor reaching even greater heights by ensuring that the Office’s vision was achieved.

Submitted by Ellen Chikale

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Strengthening integrity against corruption:

The Integrity Project of the State Audit Office of Hungary

by László Domokos, President of the State Audit Office of Hungary and Gyula Pulay, Supervisory Manager of the Integrity Project, Director of the State Audit Office of Hungary

THE NETHERLANDS COURT of Audit's methodology to assess organizational integrity has become well-known; as a result, an increasing number of Supreme Audit Institutions (SAIs) agree with the following statement:

“Strengthening organizational integrity is one of the most successful tools in preventing corruption.”

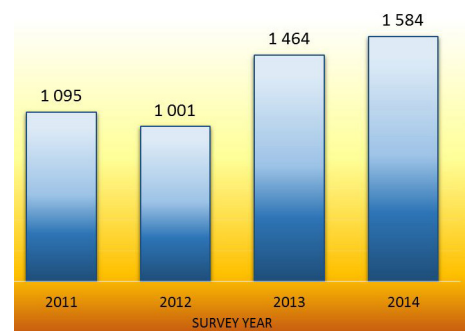
But how can agreement be turned from recognition into practice? How can an SAI help form a culture of integrity at organizations using public funds?

The State Audit Office of Hungary (SAO) was trying to answer these questions when it started the Integrity Project (Project) in 2009. As a result of the Project, in 2014 an integrity survey covering the entire Hungarian public sector was performed for the fourth time.

Based on our experiences, the survey carried out by the SAO is a successful way to introduce integrity culture. By sharing our experiences with the Project we would like to encourage other SAIs to launch similar initiatives at their own institutions.

The Supreme Audit Institution as a catalyst

Striving to learn and adapt the best international practices, the SAO cooperated with the Netherlands Court of Audit to adapt the Dutch methodology of organizational integrity to Hungary's operations.



The most important innovation of the Hungarian adaptation is how corruption risks and integrity controls are evaluated: rather than relying on a self-assessment, Hungary utilizes a questionnaire sent by the SAO to thousands of institutions in the public sector.

The SAO performs an objective evaluation of these questionnaires based on a computer program, using a pre-fixed algorithm. Participation in the survey is voluntary for public organizations. The number of public entities acknowledging the importance of integrity is increasing, evidenced by a participation rate that is 44.6 percent higher in the latest survey than in the first one.

The number of staff employed by the 1,584 public organizations participating in the 2014 survey was more than 55 percent of the total staff employed in the Hungarian public sector. We believe this

Main data of the Integrity Project

- Implementation period: 2009-2012
- Maintenance period: 2013-2017
- Funded by the European Union

Main characteristics of the surveys

- Focus on corruption risks, and controls to decrease them
- Three indices
- Standard questionnaire
- 155 questions
- More than 6,000 budgetary institutions are asked to participate annually
- Voluntary response
- Detailed evaluation of survey results
- The index values are public

participation rate could not have been achieved without the initiator role of the SAO, which impelled more than half of the public sector to pay attention to corruption threats related to organizational integrity.

Corruption risks have become measurable and visible

Corruption cases are mentioned frequently. However, the level of corruption in a given country or sector can only be broadly estimated. The SAO survey was not aiming to define exact levels of corruption, but did make corruption risks measurable and visible by calculating three indices.

The 155 questions of the questionnaire were classified according to the following three indices:

1. The **Inherent Vulnerability Index (IVI)** measures the corruption threats originating from the legal status and tasks of organizations.
2. The **Enhanced Factors Index (EFI)** indicates the components depending on the daily operation of the given organization and increasing inherent vulnerability.
3. The **Existence of Controls Index (EoCI)** reflects whether a given organization has set up, and is operating, institutional controls to handle risks.

The indices show the levels of corruption risks and controls of the organization as a percentage. Regarding risks, the higher value of the index means a higher number of risk factors in the organization. In terms of controls, a high value of the index shows the high number of control components.

Indices are calculated for each organization

participating in the survey, for 16 groups of organizations formed on the basis of their activities, and for organizations participating in the survey as a whole.

Indices calculated for participating organizations are published at the SAO's integrity website, and are shown on a digital map. This visualization of data enables Hungarian citizens to obtain information about local corruption threats, as well as the capability of affected organizations to handle those threats.

The SAO is holding up a mirror to public institutions

In addition to using information from the questionnaire to inform the public, it is essential for each institution participating in the survey to be able to assess its own level of integrity as an organization.

To encourage this endeavor, the SAO strives to hold up a mirror to these institutions.

We do that by two methods.

First, on an annual basis we publish an evaluation report summarizing the results of the integrity survey. In this report we present the three index values calculated for the total number of respondents, as well as the indexes by various groups of institutions.

We also highlight trending risks, and analyze achievements in the establishment of integrity controls. As a result of the attention brought to these areas, we see a slow but steady development in the establishment of integrity controls.

There are groups of institutions and controls in which improvement is especially apparent. For example, our analyses have drawn attention to the importance of the »

We are convinced that after adjusting the integrity survey to the circumstances of their respective countries and mandates, many SAIs could use it as a tool to effectively fight corruption.

so-called “soft” controls of integrity. As a result, we have measured noticeable improvement in cases involving related controls.

Second, we create analyses by various groups of institutions based on our annual assessments. Using these analyses, an institution such as a hospital can compare its results to those of other hospitals, and a school can compare the improvements they have made in developing integrity controls to those of other schools.

Such an analysis can be considered as a nearly perfect mirror—by looking into the findings of the analysis, the head of a hospital can investigate why the integrity controls most hospitals employ do not function properly in his or her institution.

Connection between vulnerability to corruption and the establishment of integrity controls

Based on the data provided by the integrity survey, public institutions can be analysed using various methods and from various points of view. In order to demonstrate how this works, we will highlight one example.

In our analysis we are seeking answers for the following question: is there a connection between the level of vulnerability to corruption and the level of establishment of integrity controls?

In our summarizing study, we could answer that question on the level of institution types. We compared the index rates of the inherent vulnerability of certain types of institutions and the index rates of factors increasing exposure, to the index rates of controls aimed at restraining vulnerability in those types of institutions. Based on the index rates of the institution groups, we have drawn a linear trend line to be

used as the basis of comparison. The results are presented in figures 1 and 2.

The graph shows positive correlation between both of the indices of corruption vulnerability and the index measuring the level of establishment of integrity controls.

The graphs also show for each index which group of institutions is lagging behind according to the level of establishing controls, compared to the level of vulnerability.

Those lagging behind include the groups of institutions where the bars representing the EoCI index do not reach the linear trend line of the EoCI index. For example, in the case of vulnerability enhanced factors, the level of controls in institutions of higher education and health care are considerably lower than what the level of vulnerability would justify.

We made a note of those ministries affected by the deficiencies found at the level of groups of institutions; we also evaluated these as risk indicators while forming the audit plans of the SAO.

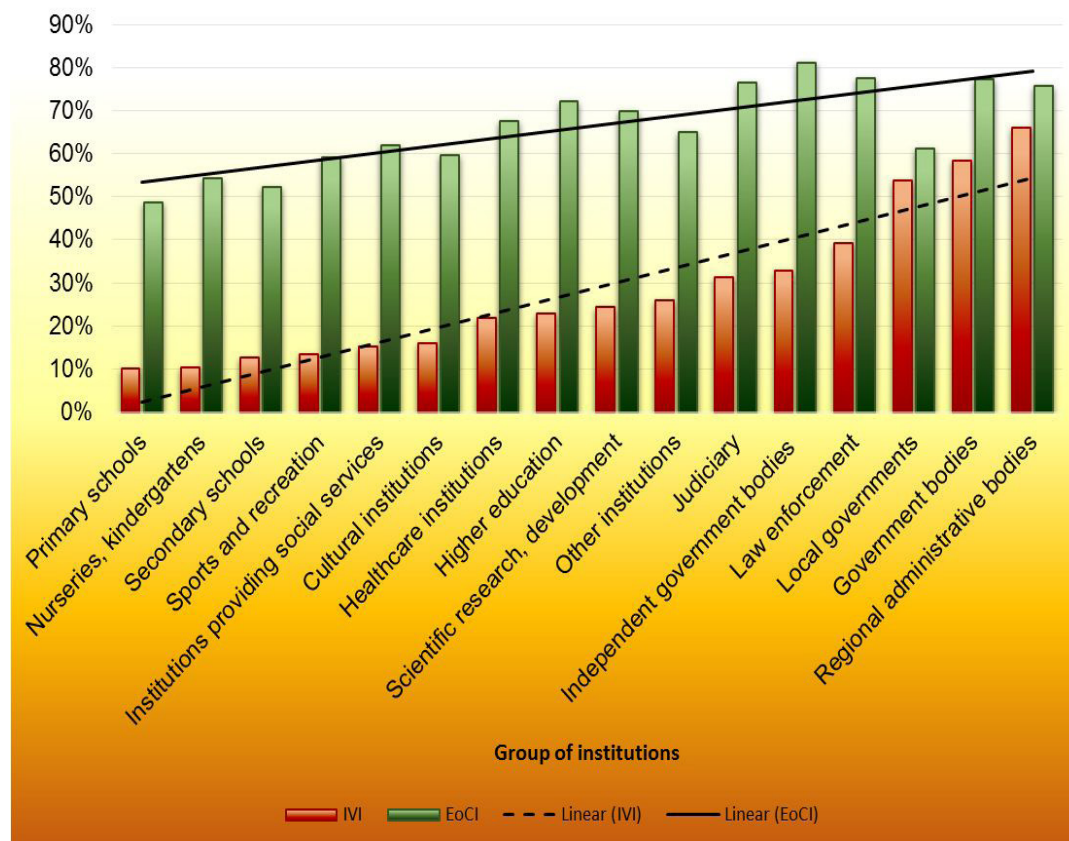
Integration of the integrity survey results into the SAO's audits

The main activity of supreme audit institutions is auditing. So the question arises, what can be utilized from the integrity survey in the audit work of the State Audit Office?

Utilization is possible in different ways. The SAO selects its audit topics and areas based mainly on risk analysis. The results of the integrity survey provide a good basis for this, as they point out which groups of institutions and scopes of activity show the highest level of vulnerability.

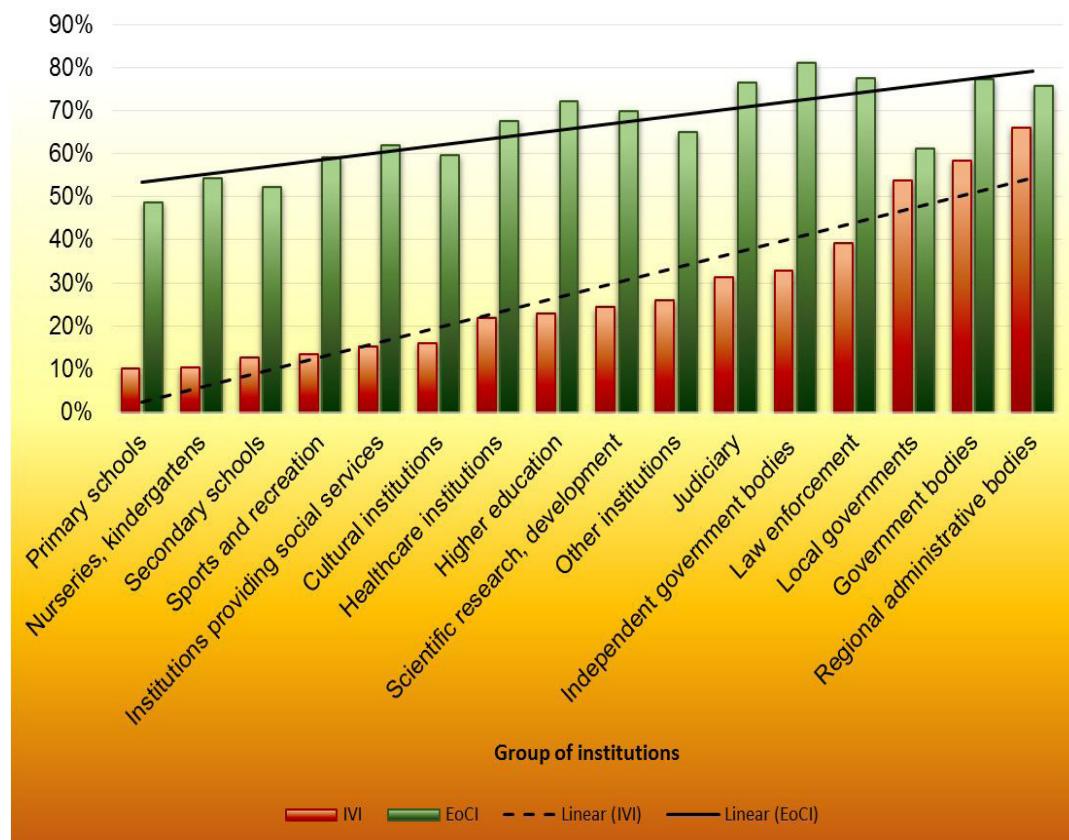
Another area for utilization is the development of audit methodology, as the survey »

Figure 1 : Relation between IVI and EoCI (%)



We compared the index rates of the inherent vulnerability of certain types of institutions (IVI), and the index rates of factors increasing exposure (EFI), to the index rates of controls (EoCI) aimed at restraining vulnerability in those types of institutions.

Figure 2: Relation between EFI and EoCI (%)



Based on the index rates of the institution groups, we have drawn a linear trend line to be used as the basis of comparison.

The results are presented in Figures 1 and 2.

Participants of the International Good Practices Seminar on Strengthening Integrity of the Public Sector.



allows us to incorporate groups of questions in our audit programs, using both issues raised in the integrity survey and responses provided. This way regularity audits can be more focused in their design.

We attempt not only to audit the “hard” controls required by law, but also to include the development of “soft” controls, as the latter play a significant role in whether a public institution is able to effectively serve the public good.

Methodology of the integrity survey is public domain

The SAO has developed the methodology of the integrity survey with the professional contribution of the Netherlands Court of Audit and the financial support of the European Union. Therefore, we emphasize our commitment to share the methodology of this successful initiative. To this end, the SAO has created a special website, which is also available in English. On the website can be found:

- studies which present and summarize the annual survey results (both in Hungarian and English);
- integrity analyses by groups of institutions;

- additional issues related to data collection;
- related articles, news and interviews; and
- methodology and results of our integrity survey described in both bilateral and multilateral meetings.

Furthermore, the SAO organized seminars in 2014 and 2015. The objective of these international seminars is to bring the methodology and application of the integrity survey closer to the professionals of various SAIs, within the framework of knowledge-sharing.

The role of transparency in enhancing integrity was also added to topics covered at the 2015 seminar.

Naturally, the integrity survey elaborated by the SAO of Hungary cannot be used as-is by other countries. However, we are convinced that after adjusting the survey to the circumstances of their respective countries and mandates, many SAIs could use it effectively in their fight against corruption.

To learn more about the Integrity Project, visit <https://hungarospa.hu/en/objectives-methodology-and-results-of-the-integrity-survey-2011-2013>

By sharing our experiences with the Project, we would like to encourage other SAIs to launch similar initiatives at their own institutions.

Forest regenerating and enhancing afforested areas:

A performance audit conducted by the Romanian Court of Accounts

Editor's Note: This article is especially relevant to those SAIs who, like Romania, audit forest fund administration.

Subsequent to the United Nations Conference of Rio de Janeiro, 1992, which launched the sustainable development concept, forests have been considered assets of humanity. Forests play economic, ecologic and social functions, and states were invited to adopt sustainable management principles to benefit current and future generations. The first of the six management criteria established at the Ministerial Conference on the Protection of Forests in Europe, held in Lisbon in 1998, is about the maintenance and appropriate enhancement of forest resources and their contribution to global carbon cycles. Forests absorb carbon dioxide through photosynthesis, capturing carbon in the wooden mass and in the soil, then eliminating pure oxygen and ruling out greenhouse gas emission from the atmosphere. Thus, forests play a key role in reaching the objective provided in the Europe Strategy 2020: achieving greenhouse gas emissions that are 20 percent lower than they were in 1990.

Data on the audit mission, auditees and target

The mission titled “Performance audit of the national forest fund administration, in the period 2010-2013” was conducted in 2014 at:

- The Ministry of Environment and Climatic Changes, The Department for Waters, Forests and Fishery;
- ROMSILVA National Forests Régie, including its county directorates;

- The Institute for Forest Research and Organization;
- The Environment Fund Administration;
- The National Environment Guard; and
- Forestry and Hunting Regime Commissariats (nine institutions).

Four auditors from the Court of Accounts, and 80 from 40 county chambers of accounts, participated in this mission.

Special attention was paid to forest regeneration and the enhancement of afforested areas, within the framework of the analysis of forest administration, organization and management. The mission was mainly aimed at the topics explained below.

Forest regeneration

Failure to care for and regenerate the growing stock generates shrinkage of forested surfaces, and forest destructuring and degeneration, thus negatively impacting their respective protective, economic, ecological and social functions.

Laws were established providing obligations to regenerate forests so as to prevent this phenomenon.

The National Code for Good Forestry Practices (The Forestry Code) provides that forest owners/administrators are to regenerate forests within two vegetation seasons as of sole or final cutting, and to establish a forest preservation and regeneration fund to finance growing stock regeneration and caring works.

In the period 2010-2013, regeneration works were conducted in keeping with the table on the next page. »

Year	2010	2011	2012	2013
A. Total regeneration in the Forestry Fund (in hectares), of which	23,277	24,257	24,877	21,739
- natural regeneration	13,618	13,501	14,683	12,631
- artificial regeneration	9,659	10,756	10,194	9,108
B. Regenerations in the State Forestry Fund, of which:	15,209	15,957	15,966	16,839
- natural regeneration	8,849	8,825	9,680	10,489
- artificial regeneration	6,360	7,132	6,283	6,350
C. Regenerations in the Forestry Fund, other holders, of which:	8,068	8,300	8,911	4,900
- natural regeneration	4,676	5,003	2,142	4,676
- artificial regeneration	3,624	3,908	2,758	3,624
D. Regeneration percent in the State Forestry Fund, of the overall regenerations (%)	65,3	65,8	64,2	77,5
- natural regeneration	65,0	65,4	65,9	83
- artificial regeneration	65,8	66,3	61,7	69,8
E. Regeneration percent in the Forestry Fund, other holders of the overall regenerations (%)	34,7	34,2	35,8	22,5
- natural regeneration	35,0	34,6	34,1	17
- artificial regeneration	34,2	33,7	38,3	30,2

Sources: National Statistics Institute, Romsilva National Forests Régie

Here are the findings:

- The state forestry fund stands for about 50 percent of the overall national forestry fund. Sole or final cuts negatively impacted the forestry fund of other holders to the greatest extent; the regenerations made on the lands of other holders represent less than a third of the total.
- By the end of 2013, almost 60 percent of the surfaces undergoing illegal cutting and surfaces negatively impacted by biotic and abiotic agents were not regenerated within the legal delay. About 70 percent of the regenerated surface has been natural.
- As a general rule, the map of non-regenerated forests overlaps the illegal cutting one.
- The enforcement of the Forestry Code adopted in 2008 on the computation of wooden mass contribution, to establish the preservation and regeneration fund, triggers a diminution of sources as compared to the provisions of the previous Code. Had the provisions of the previous Forestry Code been enforced in the period 2010-2013 for the state public property forestry fund, an additional 186,366 lei would have gone to the preservation and regeneration fund.

Afforesting on degraded agricultural lands

Romania has around 2.2 million ha of degraded agricultural land, which cannot be used for agricultural

purposes but can be enhanced by afforesting. In the period 2002-2006, 19,349 ha of degraded land were transferred from the State Domains Administration to the Forest National Régies for afforesting purposes. After 2006, only one more transfer was made: 73.7 ha, in 2011.

In keeping with national afforesting programs, the afforesting of 156 thousand ha of degraded land was provided for 2005-2013, of which 18.5 thousand ha were actually afforested (12 percent). At this pace, it would take some 1,070 years to afforest the current degraded lands (2.2 thousand ha).

As of 2008, the degraded land afforesting program was also financed by the Environment Fund.

The following were found relating to the financing from the Environment Fund:

- The procedures established through the financing guidelines issued by the Environment Fund Administration did not consider risks inherent to biotic and abiotic factors or the specific character of afforesting, which needs continuous financing until the plantation reaches the stage as a massif—when it can support itself.
- The legal provisions establishing that the central authority for forestry is the sole competent entity in the technical coordination of degraded lands afforesting were infringed.
- Out of 7,048 ha contracted for afforesting, the status as a massif was reached only on 41 ha, and only for 2,836 ha are there annual controls of the

regeneration endorsed by the forestry and hunting regimen, confirming success of the plantation.

- As contrary to the “polluter pays” principle and to the aim of the Environment Fund (detering polluters by taxation and financing projects having a positive environmental impact), an environment fee was established and charged to the forest owners. The forest is thus a net contributor to the Environment Fund, and the income collected from this source is three times higher than the payments made to support afforesting programs.

Protection forest curtains

In keeping with the national afforesting program approved in 2004, the protection forest curtains requirement in Romania was 270,000 ha.

In 2013, the program was updated; the new objectives are highlighted in the table below:

	Total period	of which:					
		2013-2016	2017-2020	2021-2024	2025-2028	2029-2032	2033-2035
Afforesting – protection forest curtains (in hectares)	37,100	2,100	4,000	8,000	8,000	8,000	7,000

Only some 388 forest curtains were set up in the period 2005-2013. Therefore, at the beginning of 2014, the forest curtains surface in Romania was about 3,800 ha, lower by 5,500 ha than they were in 1957 (in 1962, protection forest curtains were almost totally cleared, to be turned into agricultural land).

Permanent removal and temporary occupation from/in the forest fund

The legislation frequently promoted the development of certain sectors based on the forestry sector, by tax exemptions provided in the Forestry Code granted to beneficiaries of land removals from the forest funds. Thus, the forest fund was put in a position to no longer be able to establish financial resources for forest regeneration and preservation, and for afforesting.

In the period 2009-2013, the improvement fund recorded net constituted financial resources of 63,944 lei, and the fund for forest preservation and regeneration 343,240 thousand lei, as a consequence of tax exemption provided by special laws.

It was also found that there is a very high number

of extensions of temporary occupation deadlines for abandoned oil drills. The extension of the occupation authorizations is a procedure to wangle the obligation of the occupation beneficiary to return the land in a state allowing for afforesting.

Illegal change of forest land destination

There is an alarming diminution trend of forest funds through the transformation, after clearance, of forest lands into agricultural lands or pastures. Identified were some 912 ha which were cleared and illegally turned into agricultural lands, and another 172 ha which were, after abusive exploitation of wooden mass, abandoned.

The destination change of forest vegetation land into agricultural land or pastures is also stimulated by grants from the European Agricultural Fund, which does not provide for forest vegetation.

Recommendations of the Court of Accounts

The following recommendations were made relating to these issues:

- enhancing the legal framework on the establishment of the preservation and regeneration fund;
- analyzing and clarifying whether the legal provision according to which “a contribution of 2 percent of the income generated by the sale of the wooden mass and/or of wooden materials obtained by the administrator, respectively by the owner of the forest” becomes income to the Environment Fund was established with the observance of the “polluter pays” principle: possible measures shall be ruled accordingly;
- analyzing the possibility to establish legal provisions for which the above-mentioned two percent quota would become a source of the fund for the enhancement of lands meant for forests;
- taking stock of the plantation status, especially in the instance of the projects the beneficiaries of which did not submit annual regeneration control results, and taking adequate legal measures;
- establishing and implementing a realistic program to set up the required forest curtains;
- enforcing the legal measures to restore the temporarily occupied lands to a state allowing for afforesting.

The recommendations were forwarded to the appropriate authorities so that they could take the required measures.

Inside INTOSAI



Capacity Building Committee

Subcommittee for Peer Review

Results of peer review survey 2015

The yearly peer review survey among INTOSAI members is conducted by the Capacity Building Committee's Subcommittee for Peer Reviews (Subcommittee) chaired by the SAI of Slovakia President Ján Jasovský according to the INTOSAI Strategic Plan 2011-2016 and the Subcommittee Action Plan 2013-2016, as noted by the XXI INCOSAI in Beijing 2013.

The survey results in detail were sent to all interested parties, notably to the secretariats of INTOSAI and individual regional groups, CBC Chair and Vice-Chair, CBC Goal Liaison and Subcommittee for Peer Review members, all INTOSAI members that took active participation in the survey, IDI and OECD.

The survey road map

The survey was undertaken between January and April 2015. INTOSAI members were delivered a questionnaire via e-mail with 15 questions. In comparison to the 2014 questionnaire, there was one more question added that solicited an expression of interest from participating SAIs to willingly engage in the peer review as a peer reviewing SAI.

The INTOSAI membership list from the INTOSAI website and individual SAI web pages were the main sources for contacts. The 191 SAIs were taken as the survey pool. It was found that not all INTOSAI members have websites; there are 38 without a web page. That figure means that almost 20 percent of SAIs do not have a web page.

Overall, the questionnaire was sent to and received by 177 SAIs. The Subcommittee registered 72 replies, giving a rate of return of about 41 percent. In comparison to the 2014 survey, there was an increased number of replies.

The completion and submission of these questionnaires

was due in part to the involvement of INTOSAI regional working groups and their secretariats in the process. The secretariats were asked to participate with the questionnaire dissemination. The secretariats of OLACEFS, PASAI and EUROSAI should be especially congratulated for their kind cooperation.

Peer review survey findings

As of April 2015, the Subcommittee knows of 85 peer reviews accomplished since 1999 (Graph 1). The increase by 19 projects since the survey in 2014 was due not only to the new projects, but also to the ability to collect past reports.

There are 68 peer review related documents (reports, memoranda and items such as action plans, summary reports and press releases) at the CBC web site: <http://www.intosaicbc.org>. This number breaks further down to 48 reports and eight memoranda in varied INTOSAI official languages. The largest number of peer reviews (16) was conducted in 2012. The second largest number of recorded peer reviews was 15, which took place in 2014. No peer reviews were registered in the years 2002 and 2003.

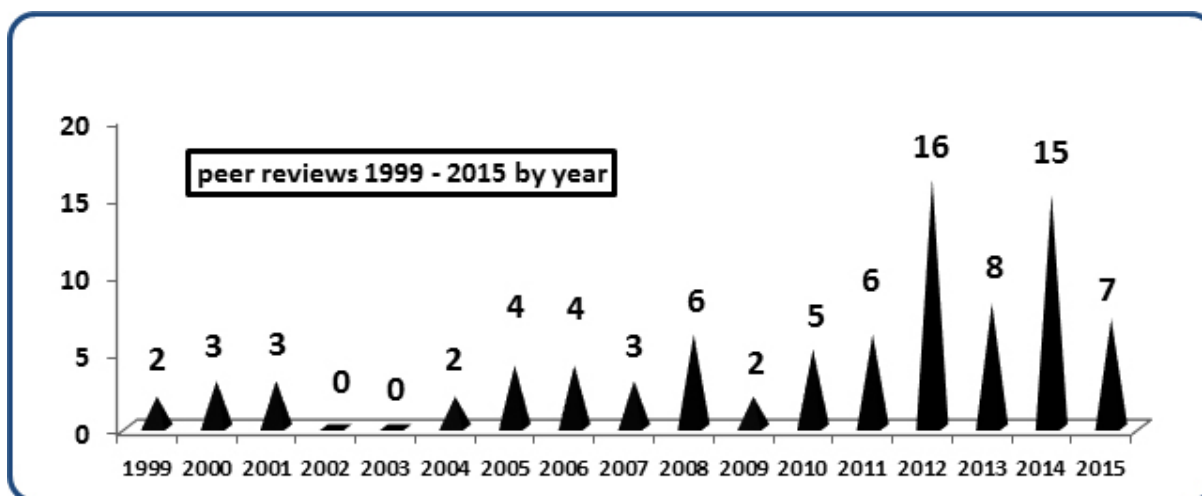
According to recent and previous surveys, there was an average of 5.1 peer reviews per year recorded in the INTOSAI community from 1999 to 2015. In total, 49 SAIs were engaged as peer reviewers (25 percent of INTOSAI membership). Topics and scopes of peer reviews varied widely according to the peer review goal.

ISSAI 5600 and the checklist were used primarily for constructing Memorandums of Understanding, and planning and selecting questions used for peer review.

Since 1999, the most reviewed SAI was the United

Graph 1

Graph



States Government Accountability Office (GAO), which was reviewed four times. However it should be noted that the GAO is compelled according to national standards to undergo a peer review every three years.

Another five SAIs were peer-reviewed three times, 11 SAIs were reviewed twice and another 43 SAIs were reviewed once.

Survey questionnaires solicited expressions of interest from the participating SAIs to willingly engage in the peer reviews as a peer reviewing SAI. There were 17 SAIs that said yes, and these were passed on to the SAI of Austria. The SAI of Austria is preparing a peer review project on SAI independence in collaboration with the INTOSAI General Secretariat and the Austrian Development Agency—the operational unit of the Austrian Development Cooperation.

Conclusions

Overall, despite a demanding peer review process, the peer review projects were welcomed by all parties involved. They viewed peer review as an opportunity to confirm the good work done by the reviewed SAI as well as a chance to uncover gaps in the reviewed SAI activities that could, at the end, help establish continuous improvement at the reviewed SAI.

The number of performed peer reviews within the

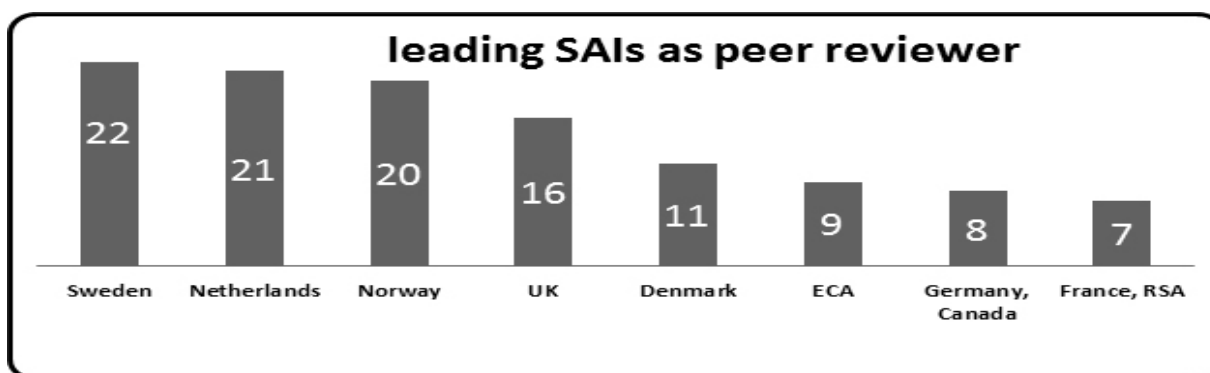
INTOSAI community increases steadily. In the last four years this number has been above the yearly long-term average (yearly average is 5.1 peer reviews). This could be viewed as a success for the INTOSAI community as well as for the ISSAIs that are accepted and used for conducting the peer reviews.

However, the survey confirmed that an imbalance can be observed: four SAIs were involved in 39 percent of the SAI engagements in the peer review as peer reviewers since 1999 (see Graph 2 below). Efforts should be made to widen the circle of those SAIs providing the demanding role of peer reviewer. The first step was made by the Subcommittee in its 2015 questionnaire as described above, in its solicitation for SAIs willing to serve as peer reviewers.

The results of the survey are disseminated within the INTOSAI community through usual channels—the CBC website and the *International Journal for Government Auditing*, and also via direct mail to survey participants.

It could be concluded that peer review promotion remains an effective tool to help elevate the quality, image and prestige of the SAIs both on a national and international level. Thus, peer reviews should be considered within the broad context of the INTOSAI motto, “Experientia mutual omnibus prodest,” or mutual experience benefits all.

Graph 2



Capacity Building Committee

New CBC Guide: Managing Information Communications

If you feel out of your depth when talking about IT, this new CBC Guide is for you.

Recognizing that a core part of managing a modern Supreme Audit Institution (SAI) is ensuring that the organization has appropriate levels of information communications technology (ICT) to support its work, the INTOSAI Capacity Building Committee has produced a new guide to help SAI managers think through and plan the systems they need.

The Guide has been written to help senior managers in SAIs understand what constitutes modern ICT and what they might expect from their ICT services provider. It takes the reader through what is needed to set up an ICT function, what should be covered in an ICT strategy and plan, how to organize and staff an ICT function, designing the ICT infrastructure, the selection of applications, the measurement of performance and, particularly important in the current time, how to maintain security.

The Guide can be found on the CBC website: www.intosaicbc.org

EUROSAI

Second Young EUROSAI Conference (YES 2.0)

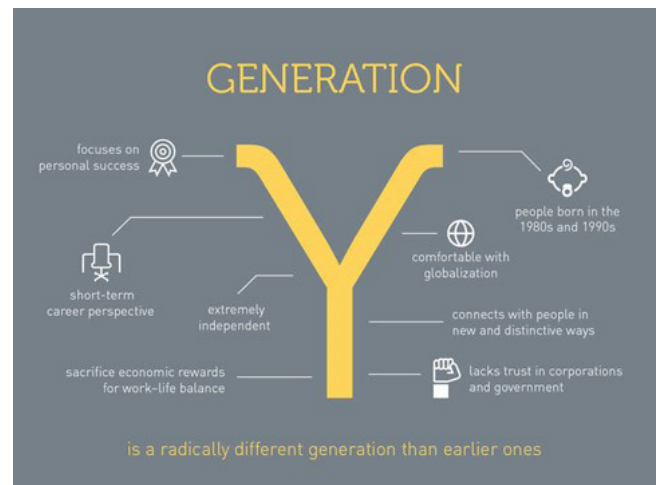
The IX EUROSAI Congress' conclusions and recommendations urged us all to carry forward the spirit of the Young EUROSAI movement in forthcoming EUROSAI activities. To that end, we at the State Comptroller and Ombudsman Office of Israel are proud to be organizing the Second Young EUROSAI Conference (YES 2.0) under the theme "SAI&I."

The world today is both challenging the public audit field and offering it remarkable opportunities. We are witnessing outstanding technological revolutions that affect all aspects of our lives: smartphones, cyber, nano-technology, big data, smart materials, augmented reality, virtual currencies, new media and social networks, 3D printing, the Internet of Things and many more. Change is sweeping us up with it. This is a revolution, not evolution. But more important, new technologies bring new ideas. These changes are reshaping our society, and the relationship between the individual, the community and the State. New technologies empower the individual in society.

Today is "the Age of the Individual." This is the "Selfie Generation." Behind the popularity of selfies hides a much deeper message: Each individual believes that he or she is in the center: "I control my reality; I design

my own character and I share it with the world." It is an expression of the Age of the Individual; the Age of I.

It is no wonder that the Age of I has intensified in recent years. The perception that the individual is at the centre of everything is the main characteristic of "Generation Y"—people born in the 1980s and 1990s. Generally speaking:



When confronted, the first question many young people ask is: What's in it for me (WIIFM)?

The above technological and social developments raise basic questions regarding the fulfillment of our mission as Supreme Audit Institutions (SAIs) in the societies in which we operate. SAIs are no longer “exclusive auditors.” We are not the only ones that provide information to the public and the legislature. We have many “competitors” in the era of information and open data. SAIs must ask themselves whether the traditional means are still the most effective way to carry out state audit, to maintain public confidence, and to connect with the public at large and with young people in particular. What is our role as Supreme Audit Institutions in this brave new reality and are we ready to make our role matter? Are Supreme Audit Institutions ready for the Age of I? YES 2.0 aims to address these questions.

That's why we have decided that 'SAI&I' will be the central theme of YES 2.0. As a young employee, you will be the future leader of your organization, so it is particularly important to grant you the opportunity to contemplate, present and discuss fresh ideas regarding:

The public effect of SAIs—namely, how SAIs can make a difference to and improve the lives of individuals. For example, under this subject, we want to explore the following issues:

- The role of Supreme Audit Institutions in promoting and protecting human rights
- The importance of citizens and their engagement as stakeholder
- SAIs in a multicultural society
- SAIs and vulnerable populations
- The fourth “E”—Equity
- Audit of sustainable development
- Delivering the audit message in an effective way to the public as a whole and to young people in particular

The professional effect—how SAIs' work impacts individual employees and officials of audited bodies and how SAIs' audit employees interact with them. For example, under this subject, we want to explore the following issues:

- Naming and shaming—publication of officials' names in audit reports
- Audited bodies' employees right to privacy
- How new media affects our work as auditors, the audited bodies and their employees
- Challenges of auditor-auditee relations
- Failure as a way to success - The audit of failure

The personal effect—the auditors as individuals working in a unique organizational environment. For example, under this subject, we want to explore the following issues:

- Recruiting, staffing and training in the digital age
- Career and promotion in the era of work-life balancing
- The challenge of managing Generation Y auditors

Since the extremely successful first Young EUROSAI Conference held in Rotterdam in November 2013, a network of young colleagues has taken its first steps; for example, in sharing knowledge and experience on the field of social media, the IXth EUROSAI Congress, education and trainings in SAIs, procedures of nomination of Auditor General positions, innovative audit methods, open spending, peer reviews, innovative products, transferring confidential information and the image of the audit profession.

YES 2.0 continues the on-going building of the Young EUROSAI professional community, promoting cooperation among its members in order to enhance their professional values and standards for the benefit of all SAIs.

YES 2.0 will not be a traditional conference and will be an enriching professional and social experience for the young delegates. So far the vast majority of the EUROSAI community and observing institutions has selected their YES 2.0's delegation, whereby several of them have used innovative ways to select their candidates.

And those who have not yet joined, it's not too late—please feel free to contact us at Yes2015@mevaker.gov.il

Submitted by Shai Mizrahi, Matan Gutman and Shachar Goldman



Professional Standards Committee

Invitation to comment on exposure drafts on issai.org

At the annual steering committee meeting of the Professional Standards Committee, the following documents were approved for exposure at issai.org and will be published on issai.org during the months of September, October and November 2015. The exposure period will be three months as prescribed by the INTOSAI Due Process for Professional Standards.

Revised performance auditing standards, reflecting the changes in ISSAI 300 that was adopted at INCOSAI in 2013. *Developed by the Performance Audit Subcommittee headed by the SAI of Brazil.*

- ISSAI 3000 Standard for Performance Auditing
- ISSAI 3100 Central Concepts for Performance Auditing
- ISSAI 3200 Guidelines for the Performance Auditing Process

Revised compliance auditing standard, reflecting the changes in ISSAI 400 that was adopted at INCOSAI in 2013. *Developed by the Compliance Audit Subcommittee headed by the SAI of Norway.*

- ISSAI 4000 Standard for Compliance Auditing

An exposure version of a revised ISSAI 30 Code of Ethics is expected to be approved by the PSC steering committee in a written procedure in September and will thus be ready for exposure on issai.org in October. The revision of this document was initiated in accordance with the agreed maintenance schedule.

The revision team is headed by the SAI of Poland.

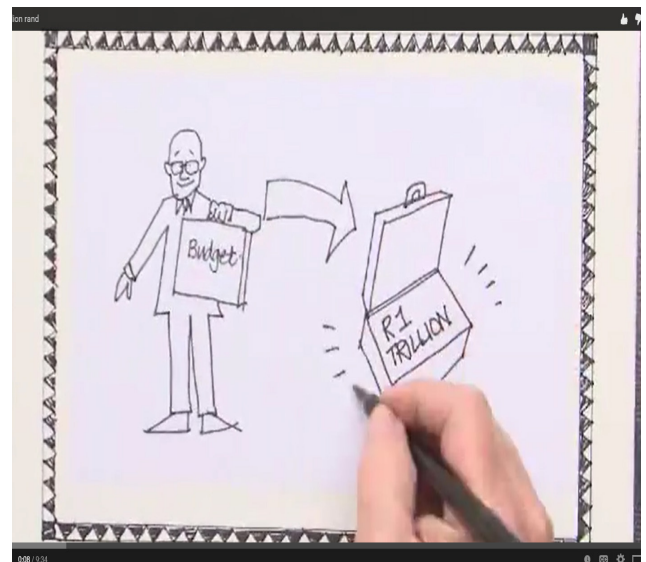
Value and Benefits of SAIs: South Africa

Innovating to better communicate our work

Editor's Note: "The Value and Benefit of SAIs" is a new column the Journal will be featuring in upcoming issues. If you would like to submit news of SAIs that are finding ways to demonstrate their relevance and importance, please contact INTOSAIJournal@gao.gov

The Auditor-General of South Africa has created a video to illustrate how the country audits its public finances. The video has received nearly 800 views on YouTube, and demonstrates how SAIs are getting out the message of how their work benefits the public!

To watch "Million Bags of Million Rand," visit www.youtube.com/watch?v=rgr3rE-EliM





IDI Update

IDI Board Meeting

The IDI Board met in Oslo March 12-13, 2015. The IDI Performance and Accountability Report 2014, Financial Statement 2014 and the IDI Board's Annual Report 2014 were approved. The results-based performance and accountability report has been prepared as per IDI's operations according to the IDI Operational Plan 2014-2015 and the IDI Strategic Plan 2014-2018. These documents are available at www.idi.no. Other strategic issues discussed included IDI Governance Review, IDI Bilateral Support, certification of public auditors within the INTOSAI framework, and the INTOSAI strategic plan.

New Member of the IDI Board

We welcome Ms. Margareta Aberg, Auditor General, Sweden, as a new member of the IDI Board. She takes over from her outgoing predecessor Mr. Jan Landahl. We thank Mr. Landahl for his support.

DFATD, Canada comes on board as a donor to the IDI

The Department of Foreign Affairs, Trade and Development, Government of Canada, has signed an agreement with the IDI to provide substantial financial support of CAD 8,000,000 over a five-year period, beginning 2015. This funding will be utilized for IDI programs such as fighting corruption, SAI stakeholder relations and the implementation of ISSAIs.

ISSAI Implementation Initiative (3i Program)

3i OLACEFS Workshops on facilitating ISSAI Implementation conducted

The workshop was held in two rounds from March 16-20, 2015, and March 23-27, 2015, »

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



Delegates at the IDI Board Meeting, held March 12-13, 2015, in Oslo.

Participants at the 3i OLACEFS Workshop, held in two rounds from March 16-20 and March 23-27, 2015 in Mexico City.



in Mexico City. Sixty participants from 18 SAIs were involved. The participants were trained to play three key roles as ISSAI facilitators: advocate, project manager and learning facilitator. Participants also developed draft individual action plans for specific initiatives they will take up for supporting ISSAI implementation in their SAIs. The participants will be certified as IDI-PSC ISSAI Facilitators after receiving the approved action plans from their SAIs.

3i Compliance Audit Product Maintenance meeting held in Oslo

The meeting was held April 6-10, 2015. A team of compliance audit ISSAI experts, mentors and facilitators of the 3i Programme met for one week in Oslo, Norway to update the compliance audit iCAT Guidance document based on the revised compliance audit iCAT, which was updated earlier with the new Level 3 ISSAIs.

3i ARABOSAI Product Adaptation Meetings conducted

A product adaptation meeting was planned to be held in Abu Dhabi, UAE March 4-20, 2015, to adapt the 3i products and three ISSAI certification programs for delivery in ARABOSAI. Due to logistical

constraints, participating expert and mentor teams were not fully present. As such, while the Performance Audit products could be finalized, the financial audit products were finalized at a separate meeting in Morocco held April 7-18, 2015, and the compliance audit team met for a week in Tunis to finalize the product adaptation for compliance audit.

eLearning Handbook developed

Fourteen resource persons from nine SAIs and two regional secretariats met for a Product Development Meeting for the eLearning Handbook April 13-24 in New Delhi, India. IDI's learning management system was used in the meeting. The eLearning Handbook provides guidance to both SAIs and regions on setting up eLearning in the organization. The handbook also provides detailed guidance for the design, development, deployment, monitoring and evaluation of e-courses as a part of blended solutions.

Stakeholder communication through IDI's participation in meetings

IDI worked towards strengthening the INTOSAI regions by participating and contributing to the discussions in their Governing Board and other meetings. From February 7-13, 2015, IDI participated

in several meetings with stakeholders as part of the ASOSAI Governing Board meeting in Kuala Lumpur, Malaysia.

Other meetings included the ASOSAI Assembly; ASEANSAI assembly; ASOSAI Training Committee meeting; a tripartite meeting between IDI, ASOSAI General Secretariat and ASOSAI Training Administrator; and the ASOSAI symposium on “Leveraging Technology to Enhance Audit Quality and Effectiveness.” February 17-18, 2015, IDI was represented at the PASAI Governing Board in Auckland, New Zealand by the PASAI Capacity Building Advisor, whose position was supported by the IDI. The PASAI monitoring, evaluation and reporting framework and cooperative audits in PASAI were discussed. At the AFROSAI-E Governing Board and tenth anniversary celebrations May 4-8, 2015, IDI’s association with AFROSAI-E members over the last ten years was revisited.

On March 10, 2015, the EUROSAI Governing Board was held in Helsinki, Finland. IDI’s cooperation with EUROSAI in strengthening the capacities of member SAIs was discussed.

IDI also participated in the meeting of the Goal Team 1 of EUROSAI in Budapest, Hungary February 19-20, 2015. Presentations were made

regarding the results from the 2014 IDI Global Survey, IDI Programs and the Enhancing eLearning Program.

As part of its strong commitment to the development of the INTOSAI community, IDI participated in the meeting of the INTOSAI Task Force on Strategic Planning held in Vienna, Austria March 5, 2015. Inputs were provided for developing the next INTOSAI Strategic Plan. IDI also participated in the UN-INTOSAI Symposium in Vienna March 2-6, 2015. A presentation was made on “Challenges and Opportunities for SAIs in Capacity Building.”

A presentation on the IDI’s activities was also made to the International Fellows at the U.S. GAO’s International Auditor Fellowship Program on April 10, 2015.

Contacting IDI

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

Telephone: +47 21 54 08 10

E-mail: idi@idi.no



Resource persons at the eLearning Handbook Product Development Meeting April 13-24, 2015, in New Delhi, India.

INTOSAI-Donor Cooperation Update



Taking stock of SAI performance

The IDI Global Survey and the Global SAI Stocktaking Report 2014 were carried in partnership by the IDI program, administration and INTOSAI-Donor Secretariat departments, with support from INTOSAI regional bodies, and additional funding from the INTOSAI-Donor Cooperation. It served multiple purposes, including prioritization of future IDI global and regional programs, identifying baselines for the IDI Strategic Plan, and following up the INTOSAI-Donor Cooperation 2010 Global Stocktake. The following article focuses mainly on the follow up from the 2010 Stocktake.

What can you buy for \$500 million? Six private islands with 10,000 acres of land? Launch a space shuttle? Feed a million families for a year? How about ten years of projects to support Supreme Audit Institutions (SAIs) around the world? So what can we tell tax payers around the world that we achieved with that money? And that figure doesn't include the thousands of hours put in by staff for the development of their own SAIs, and the in-kind support provided from one SAI to another. Or the collected efforts of INTOSAI committees, working groups and regions to foster the global development of the whole INTOSAI community.

So, can we show a return on the time and money invested in SAI capacity development? Are SAIs getting better at what they do, and making more of a difference to the lives of citizens? Measuring the difference an

SAI makes to the lives of citizens looks like a pretty impossible job. But taking stock of SAI performance, and showing performance improvements over time – a return on investments in SAI capacity development – seems not only feasible but necessary in the current economic climate.

Such questions were a key driver behind the first-ever INTOSAI Stocktaking in 2010, carried out under the auspices of the INTOSAI-Donor Cooperation. Before 2010, the INTOSAI and Donor communities had no global picture of SAI performance, or future development needs.

That seminal Stocktaking was the first line in the sand, from which we can measure our development. In fact 2010 was a pivotal year for INTOSAI in many ways, most notably the adoption of the International Standards of Supreme Audit Institutions (ISSAIs) in their modern form, and hence the start of SAI efforts to conduct audits in accordance with the ISSAIs.

But measuring a return on investment requires identification of a change in performance, and hence measurement of performance at two points in time. So in 2013, the IDI Global Survey was launched to gather information on SAI performance (as at the start of 2014) and capacity development needs, including comparison of performance against 2010. To avoid survey fatigue, the Global Survey was designed to meet multiple needs, as identified from the INTOSAI »

Figure 1

Key Performance Indicators (Average Percentage for all SAIs in the Region) ¹			AFROSAI-E	ARABOSAI	ASOSAI	CAROSAI	CREFIAC	EUROSAI	OLACEFS	PASAI
1.	Percentage of SAIs scoring a C or higher on PEFA PI-26 'Scope, nature and Follow-up of External Audit' (All PEFA reports)	2010	56	33	36	33	6	45	67	43
		2014	68	45	47	27	6	79	46	50
2.	Coverage: Percentage of SAIs responding that at least 75% of financial statements received are audited (IDI Global Survey) ²	2010	60	60	56	20	20	55	29	47
		2014	87	82	78	53	40	68	60	90
3.	Coverage: Percentage of SAIs responding that they have a documented risk basis for selecting Compliance Audits , and at least 60% (50% in case of 2010) of entities were subject to a Compliance Audit in the year (IDI Global Survey)	2010	79	67	56	58	23	59	69	47
		2014	78	71	74	35	27	58	60	50
4.	Coverage: Percentage of SAIs responding that in the past three years, they have issued at least ten Performance Audit reports and/or 20% of their audit resources were used for Performance Auditing (IDI Global Survey) ³	2010	-	-	-	-	-	-	-	-
		2014	52	71	52	24	7	70	55	50
5.	Percentage of SAIs that issue their annual audit reports within the established legal time frame (IDI Global Survey)	2010	71	83	100	29	43	100	95	79
		2014	67	93	83	50	58	92	93	60
6.	Percentage of SAIs in which all external audit reports on central government consolidated operations are published within six months of completed audit (Published PEFA reports) ⁴	2012	85	17	55	100	12	71	89	40
		2014	83	43	56	50	18	67	90	40
7.	Financial Independence: Percentage of SAIs responding that their budget is presented directly to the legislature (IDI Global Survey) ⁵	2010	-	-	-	-	-	-	-	-
		2014	35	29	36	31	7	68	30	21
8.	Financial Independence: Percentage of SAIs responding that there have been cases of interference from the executive regarding the SAI's budget in the past three years (IDI Global Survey)	2010	-	-	-	-	-	-	-	-
		2014	65	29	33	62	47	31	40	35
9.	Independence of the Head of the SAI: Percentage of SAIs for which a branch of government other than the executive must give final consent for removal of the Head of the SAI (Open Budget Survey) ⁶	2010	64	25	71	N/A	56	89	100	50
		2012	63	25	79	N/A	70	89	100	50
10.	Percentage of SAIs with a Strategic Plan (IDI Global Survey)	2010	95	78	86	47	30	78	75	81
		2014	100	94	91	100	93	82	90	95

¹ Figures include both developed and developing countries and territories, based on primary INTOSAI membership (see 2014 Stocktaking Annex B). The PEFA and OBI data includes only data on developing countries

² For 2010, the indicator shows the percentage of SAIs that stated they audited more than 70% of financial statements.

³ This question was phrased differently in 2010 and cannot be compared.

⁴ 2012 data used as 2010 data not available.

⁵ Indicators 7 and 8 not covered in 2010 INTOSAI Stocktaking.

⁶ No data available for SAIs in CAROSAI

regions, the IDI and the INTOSAI-Donor Cooperation. It was coordinated by IDI, with inputs and support from the INTOSAI regional and sub-regional bodies, as well as the program department, administration department and INTOSAI-Donor Secretariat in IDI.

The 2014 Global Survey proved more complicated than its 2010 predecessor. On-line survey tools were used, as well as paper-based forms, and the survey was conducted in four languages. But the big challenge came in using the results from the survey to draft the Global SAI Stocktaking Report 2014. And the challenge was triangulation. Not only was there the results from the 2010 Stocktaking, but there was also a wealth of additional data from other sources, such as the Public Expenditure and Financial Accountability (PEFA) assessments, the Open Budget Index (OBI) collated by the International Budget Partnership, and internal data from the ISSAI Implementation Initiative (3i program). And for the first time, the 2014 Global Survey attempted to measure the quality of audit work of SAIs against ISSAI requirements.

The report, “Performance, Capacities and Needs of SAIs: Global SAI Stocktaking Report 2014” was published in March 2015, and is available at www.idi.no/Filnedlasting.aspx?MIId=4&FilId=1133.

Even before finalization, it was making an impact. The priority needs identified by SAIs in each region became the starting point for discussions between IDI and the INTOSAI regions, leading to agreement on seven global priorities that will shape delivery of the IDI Strategic Plan 2014-18. The draft findings on SAI Independence were quickly taken up by the INTOSAI General Secretariat leading the launch of a new initiative between the Austrian Court of Accounts and Austrian Development Agency on Strengthening SAI Independence.

The findings on SAI performance changes from 2010 were captured in the INTOSAI-Donor Cooperation’s results framework, examined as part of the ongoing evaluation of the Cooperation, and will likely inform the future of this Cooperation. And many of the results provide the baseline figures for IDI’s 2014-18 Strategic Plan.

So, what does the 2014 Stocktaking tell us about SAI performance, and performance improvements over time? It examines many aspects of performance, including:

- Audit coverage compared to mandate (i.e. quantity aspect)
- Timeliness of submission (to the legislature) and publication of audit reports

- Independence of SAIs (as a prerequisite to performance)
- SAI strategic planning (as an enabler of performance)
- Quality of audit work—progress towards conducting audits in accordance with the ISSAIs (though measurement challenges remain)

The table on the previous page provides a regional perspective on SAI performance, using ten key performance indicators, broken down by INTOSAI regions (with AFROSAI-E and CRE-FIAF shown as separate language groups of AFROSAI). 2010 (or sometimes 2012) comparators are shown where available. The report also provides global analysis, broken down according to standard OECD income classifications (low income, lower middle income, upper middle income, and developed countries).

The 2014 Stocktaking report shows that SAI performance has improved on most indicators and in most country income groups since the 2010 Stocktaking. Improvements were particularly noted in Low and Lower-Middle Income Countries. For developing countries specifically, the Public Expenditure and Financial Accountability (PEFA) Performance Indicator related to external audit measured 47 percent of countries assessed scoring C or higher, which is up from the 38 percent measured in 2010.

Coverage, submission and publication of audit reports

Within developing countries, 68 percent of SAIs reported they met the benchmark for Financial Audit, 60 percent for Compliance Audit, and 46 percent for Performance Audit. Coverage of Financial and Compliance Audit has increased compared to 2010 figures, while there was no objective data on Performance Audit coverage from the 2010 Stocktaking. There remains a focus on Financial Audit, which is even more significant in Low Income Countries, where the Financial Audit coverage criteria is met by 71 percent of SAIs, but the Performance Audit criteria by only 40 percent. However, Stocktaking results need to be considered in light of other findings that audit of financial statements performed by many SAIs and Financial Audit as defined by ISSAIs can be quite different.

The 2014 Stocktaking results suggest that around 80 percent of SAIs submit their reports in accordance with legal timeframes, a slight decline globally due to worsening performance among Low Income Countries. Data from PEFA assessments

measuring whether audit reports are submitted within 12 months of the period end shows an improvement in timely submission across all income groups.

The publication of external audit reports appears to be an opportunity for improvement for certain SAIs. The Global Survey found that while 70 percent of SAIs reported that they published at least 80 percent of the completed audit reports, 15 percent of responding SAIs indicated that they did not publish any audit reports in the previous year.

SAI performance is constrained by the external environment in which the SAI operates. What is most noticeable about global SAI performance is that it is significantly weaker on all indicators in the group of Low Income Countries, as compared to Lower-Middle and Upper-Middle Income Countries. Regionally, SAIs within CREFIAP appear to face the biggest challenges. As may be expected, the level of development of a country, which roughly correlates with levels of governance, rule of law, education levels, and development of civil society and the media, appears to have a significant impact on SAI performance.

SAI independence

Independence, especially financial independence, remains a challenge. 2014 Stocktaking results show that while around 80 percent of SAIs report that their budgets are approved by the legislature, this figure is significantly lower in some INTOSAI regions. Only 37 percent of SAIs reported to have a legal framework allowing the SAI to present its budget directly to the legislature, and only 55 percent of SAIs have the right to appeal to the legislature on budget allocations. On all measures, SAIs in Low Income Countries have legal frameworks which deviate significantly from the principles of the Mexico Declaration on SAI Independence considered in the Global Survey. Unfortunately, over 40 percent of SAIs reported cases of interference from the executive in the budget process, including unapproved cuts by the Ministry of Finance to the allocations previously approved by the legislature. Again, this was noted to be more prevalent in Low Income Countries, and higher in specific INTOSAI regions.

The challenges for Low Income Countries are also evident from the Open Budget Index (OBI) indicators on SAI independence which also show that lower Income Countries are more likely to face inadequate resources—regardless of whether or not the SAI's budget is approved by the legislature or the executive. However, for Upper-Middle Income

Countries, financial independence in the budget process is an important driver in ensuring sufficient resources for the SAI to deliver its mandate. The OBI data also suggests levels of financial independence, and adequacy of resources, are improving over time.

In addition to financial independence SAIs should have discretion and be free from interference in the selection of their audits. OBI data reveals that there are challenges in several regions, where SAIs do not have such discretion. The OBI data shows improving independence for Heads of SAIs in Low Income Countries, in terms of non-executive consent being required to remove the Head of the SAI—however this is required in only one quarter of SAIs in ARABOSAI and half of those in PASAI.

SAI strategic planning and ISSAI implementation

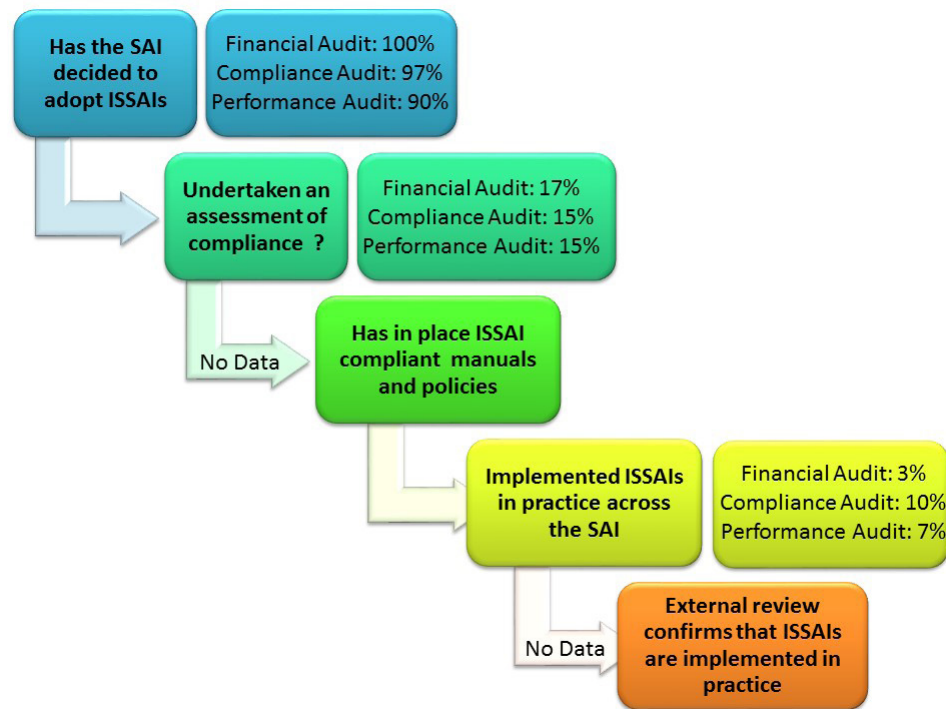
The INTOSAI and Donor communities have, since 2010, prioritized the development of SAI-led strategic plans and development action plans. These place the SAI in charge of its own development, and provide an opportunity for external partners to align and coordinate their support behind these plans. Ninety-two percent of SAIs now report having strategic plans, up from 73 percent in 2010.

The most significant increase has been in CREFIAP, linked to two rounds of strategic planning programmes with groups of SAIs. Ninety-four percent of SAIs now also have development action plans, to help these turn into practice.

Implementation of the International Standards of Supreme Audit Institutions (ISSAIs) has become the overriding focus for the INTOSAI community, following approval of auditing guidelines (level 4) in 2010 and fundamental principles (level 3) in 2013. These added to the existing 'Prerequisites' (level 2). Implementation of ISSAIs as a series of steps is shown in Figure 2.

Analysis based on results of the Global Survey, available SAI Performance Measurement Framework (SAI PMF) and ISSAI Compliance Assessment Tool (iCAT) data and interviews with SAI staff showed that 83 percent of SAIs have decided to adopt Level 2 ISSAIs, yet only 20 percent have assessed their compliance to level 2 ISSAIs, by carrying out an assessment according to either the iCAT or the SAI PMF.

ISSAIs on level 2 prescribe standards for areas both outside and inside the control of the SAI. Evidence collected on SAI progress on its own transparency and accountability (ISSAI 20), code of »

Figure 2: SAI Strategic Planning and ISSAI Implementation

ethics (ISSAI 30) and quality control and assurance systems (ISSAI 40) shows the following progress in terms of SAIs having in place ISSAI compliant policies and manuals:

- 77 percent of SAIs have a manual of Code of Ethics that is ISSAI compliant cf. ISSAI 30
- 47 percent of SAIs have a manual and system for Quality Control and Quality assurance cf. ISSAI 40

Again, assessing the theory against practice shows a big gap, as a sample indicates that only 7 percent of SAIs have actually implemented the practice according to ISSAIs 30 and 40. In case of implementation of ISSAI 20, it was found that while 48 percent of SAIs publish at least 80 percent of their completed audit reports, there was insufficient evidence to arrive at a baseline for SAIs that measure and report publicly on their annual performance.

As to the implementation of the auditing guidelines (level 4) for financial, compliance and performance audit, Figure 2 estimates progress according to key milestones in the implementation process.

The sample on which these results are drawn is small, and triangulation efforts indicate that data validity and reliability is an issue when measuring ISSAI implementation. Although the 2014 Stocktaking has attempted to use evidence based data from different sources in reporting on ISSAI

implementation, the conclusions arrived at need to be seen with their uncertainties clearly stated.

There are a number of challenges that have been faced in arriving at these conclusions—the understanding that ISSAI implementation in the community is at a formative stage; there is not currently a sufficient body of evidence based and quality-assured conclusions on ISSAI implementation; and, importantly, SAIs are sovereign entities such that no external agent has a mandate for requiring such information from SAIs.

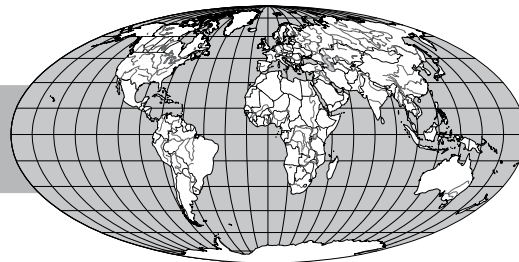
However, there is a significant future need for better information on ISSAI implementation—the quality aspect of SAI performance. This lies at the heart of all SAI capacity development efforts across the INTOSAI and donor communities.

INTOSAI has the tools to enable better collection of information on ISSAI implementation, through voluntary use of the SAI PMF and the iCATs, and ongoing efforts to bring these two tools into alignment.

So there is time, before the next Stocktaking of global SAI performance in 2017, to enhance our collective efforts on ISSAI implementation, conduct evidence based and quality-assured assessments of ISSAI implementation, and demonstrate that SAI performance is improving and SAIs truly are making a difference to the lives of citizens.

And perhaps that will give us a better answer to the question: what can you buy for \$500 million?

INTOSAI 2015 Events



August	September	October
<p data-bbox="147 1199 367 1241">November</p> <p data-bbox="147 1272 553 1377">10-11 67th INTOSAI Governing Board Meeting, Abu Dhabi, United Arab Emirates</p> <p data-bbox="147 1419 516 1472">9-12 2nd Young EUROSAI Congress, Israel</p> <p data-bbox="147 1514 561 1671">23-27 25th General Assembly of Organization of Latin American and Caribbean Supreme Audit Institutions (OLACEFS), Mexico City, Mexico</p>	<p data-bbox="618 1199 837 1241">December</p> <p data-bbox="643 1272 992 1356">7-9 5th EUROSAI-ARABOSAI Joint Conference, Qatar</p>	
<p data-bbox="147 331 293 373">August</p>	<p data-bbox="618 331 854 373">September</p> <p data-bbox="626 405 1016 489">8-10 Meeting of the Capacity Building Committee, Stockholm, Sweden</p> <p data-bbox="618 520 1016 636">14-16 8th Meeting of the Working Group on Value and Benefits of SAIs, Nanjing, China.</p> <p data-bbox="610 667 1016 783">21-23 2nd Meeting of the Working Group on Audit of Extractive Industries, Oslo, Norway</p> <p data-bbox="610 814 1032 930">22-23 Meeting of the Subcommittee on Internal Control Standards, Bucharest, Romania</p>	<p data-bbox="1089 331 1260 373">October</p> <p data-bbox="1081 405 1487 510">6-7 8th Meeting of Steering Committee, INTOSAI-Donor Cooperation, Brasilia, Brazil</p> <p data-bbox="1089 541 1503 657">13-16 18th Congress of Pacific Association of Supreme Audit Institutions (PASAI) Port Vila, Vanuatu</p> <p data-bbox="1089 688 1511 888">15-16 7th Meeting of the Steering Committee of the Committee on Knowledge Sharing and Knowledge Services, Washington, D.C., United States of America</p> <p data-bbox="1081 919 1487 1035">21-22 13th Meeting of the Compliance Audit Subcommittee, Beijing, China</p>

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

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