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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.

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www.intosaijournal.org

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The Challenge of Auditing Public Debt during the Global Financial Crisis

Editorial

by Juan M. Portal, Auditor General of Mexico, and Chair, INTOSAI Working Group on Public Debt

The current state of affairs in the global economic and financial environment has fostered great interest in public debt matters among not only SAIs but also the international community as a whole.

Within this context, I believe that the efforts of INTOSAI's Working Group on Public Debt (WGPD) can make an important global contribution to developing an adequate public debt policy. Such a policy will be a crucial element for nations as they seek to maintain long-term financial strategies and encourage development financing.

Recently, the WGPD has undertaken significant efforts toward this end. These include the presentation of its 2011–2016 strategic plan, the submission of an official public debt product to the XX INCOSAI, the launching of the process to revise current ISSAIs and INTOSAI GOVs related to public debt, and the WGPD's annual meeting and its outcomes.

The WGPD's 2011–2016 strategic plan includes its mission and vision statements and two strategic goals supporting them: (1) building capacity and enhancing SAI expertise and (2) strengthening the WGPD's capabilities and measuring its impact. For each goal, the strategic plan includes a description of specific activities to be conducted over the next 5 years.

The SAI of Mexico prepared the exposure draft of an official WGPD product on debt indicators that was shared with the INTOSAI community. After valuable comments from several SAIs were received and addressed, the final version was presented in Johannesburg in the five INTOSAI official languages and was endorsed by the XX INCOSAI, thus becoming ISSAI 5411.

In 2011 the WGPD's membership grew with the addition of the SAIs of Moldova and Indonesia. Its annual meeting took place in Vilnius, Lithuania, and registered a record attendance of delegations from 16 member countries. At this meeting, members were assigned the task of revising existing WGPD products to ensure that they are properly updated and valuable to the INTOSAI community.

To date, the WGPD is considering two possible themes to be addressed in official products for the XXI INCOSAI in 2013:

■ the impact of financial crises on public debt and INTOSAI initiatives, to be prepared by the SAI of the United States of America, and

■ the evaluation of information systems related to public debt management, to be developed by the SAI of Brazil.

The WGPD believes that the best way to address emerging situations, such as the global increase of public debt, is to take advantage of its members' expertise and diverse perspectives to conduct professional and thorough investigations to develop guidelines, methodologies, and technical tools suggesting feasible actions for SAIs.

Through the efforts of both the WGPD, chaired by the SAI of Mexico, and the Task Force on the Global Financial Crisis, chaired by the SAI of the United States, INTOSAI has stressed the active role that SAIs should play in protecting the financial position of their governments. SAIs can help to ensure that there are appropriate and sound public debt practices and sufficient regulation for financial markets. Moreover, SAIs should encourage governments to place a greater emphasis on monitoring vulnerabilities and prioritizing risk management.

In recent years, the WGPD has issued official products that are now part of the ISSAIs and should be taken into account throughout the INTOSAI community when conducting public debt audits.

Paradoxically, most of these guidelines were published before the global financial crisis first appeared in the past decade. This leads to a natural question about the value and impact the WGPD's products have had on the INTOSAI community.

Five different possibilities regarding the use of public debt ISSAIs in public audit could explain the lack of preventive measures by governments in response to the audit findings and recommendations issued by SAIs:

1. The INTOSAI community may not be aware of the ISSAIs and products prepared by the WGPD.

2. SAIs may be aware of the ISSAIs but their legal powers do not allow them to carry out public debt audits.

3. SAIs may be entitled to conduct public debt audits, but they do not have the institutional capacity to fully perform their tasks.

4. SAIs may be using public debt ISSAIs and submitting recommendations that warn about public debt management risks, but congresses or governments may have disregarded the SAIs' findings.

5. SAIs may have submitted to Parliament recommendations that have been properly considered and successfully implemented but have failed to share the positive impact of their work with the INTOSAI community.

Whatever the case, we must consider all these possibilities and determine the best way to address them. Some governments have relinquished or set aside their responsibilities for ensuring that terms of indebtedness do not exceed their capability for payment, that liabilities are correctly assessed, and that debt is generally sustainable. This has created a complex and delicate situation magnified by the interaction of different national economies due to the ongoing globalization process.

These situations and their possible future effects demand that SAIs improve the techniques and methodologies for auditing public debt management so that they can contribute to a timely and accurate assessment of national debt levels and thereby help ensure their sustainability. While the auditing process will not resolve the situation by itself, financial authorities can adopt more sound and sensible practices if they can count on a reliable analysis of public debt issues.

It is my conviction that actions to address public debt issues have been maintained at a steady pace, and the WGPD expects to continue to offer useful materials to the INTOSAI community to meet its needs in this area.

Leadership as a Catalyst for Good Governance and the Fight against Corruption

by Terence Nombembe, Chairman of the INTOSAI Governing Board and Auditor-General of South Africa

For many years, INTOSAI has invested heavily in finding ways to sustain good governance and the fight against corruption. Its Working Group on the Fight against Money Laundering and Corruption continues to produce the guidance and insights the INTOSAI community needs to confront risks that threaten good governance and lead to corruption. In addition, INTOSAI has enshrined the drive to combat fraud and corruption as a specific focus area in its strategic plan, thereby obliging INTOSAI members to reflect on ways of responding to this reality in a practical and visible manner. The INTOSAI community undoubtedly has the ability, means, and potential to set the pace in matters of good governance and fighting corruption.

SAIs have the unique privilege of engaging the government leaders in their countries regarding their commitment to creating conditions for a state that consistently produces credible information related to the stewardship of public funds, delivery of services to citizens, and respect for the rule of law in managing state resources. All indications are that good governance is within reach and can be sustained if government leaders lead by example in implementing the basics of internal controls. Leadership has a critical role as a catalyst in confronting obstacles to sustainable good governance and combating fraud and corruption.

The more that SAI leadership ignores the factors that mitigate government internal controls, the more we allow our states to slide towards the tipping point of economic erosion and disorder. We ought to applaud INTOSAI for formulating clear and detailed guidance to help direct our efforts to minimize corruption and be accountable to citizens in a way that inspires confidence.

The ethical tone set by leadership is the most important factor in demonstrating that government leaders are serious and do what they say. If leaders behave in a morally just manner—affirming that no matter what, they will not become involved in improper conduct or fraudulent or corrupt activities—they will compel their organizations to follow the path of integrity. However, because it is difficult to evaluate compliance in this area, we need to find a mechanism that goes beyond the mere signing of declaration forms or other similar measures. We need a measure that will encourage, motivate, reinforce, and reward positive behavior and conduct. In this regard, I am delighted to refer to IntoSAINT, a tool that the Netherlands Court of Audit has piloted on INTOSAI's behalf in recent years. It enables public sector organizations to assess their vulnerability and resilience to integrity violations and yields recommendations on how to improve integrity management.[1] With effective leadership facilitation, this tool has the potential to provide a breakthrough in addressing this stubborn feature of government administration. However, with or without the IntoSAINT tool, leaders need to be sincere and straightforward in their ethical conduct; if they are not, the rest of their leadership tone will be eroded beyond repair. We owe such leadership to the citizens who are most vulnerable and scarred by the brutal history of corruption in many parts of the world.

Leadership should also take ownership and set the tone in formulating policies and procedures directed towards combating fraud and corruption. The formulation of policy tends to be the easiest responsibility in this area and the one that governments generally master. Leadership's role also extends to implementation, which requires closer and tighter formulation of strategic and action plans and performance criteria, as well as monitoring of performance against predetermined objectives to combat corruption. Leadership should take direct ownership of this core task and not delegate it to outside specialists.

The checks and balances that management and leadership institute are the first line of defense to combat the risk that government may not achieve its predetermined objectives due to corrupt practices. By instituting these checks and balances, the systems of internal control are strengthened and chances of fraudulent and corrupt activities are minimized.

Independent providers of assurance, such as internal auditors, audit committees, and parliamentary committees, also help to ensure the integrity and credibility required for good governance and thus combat corruption. The independent specialists in these disciplines are essential for strengthening the system of combined assurance.

It is important that the providers of independent assurance coordinate efforts among themselves, and it is also vital that management and leadership voluntarily cooperate with them. Independent assurance is a source of valuable insights on matters that require leadership's proactive foresight in dealing with risks of corruption that extend beyond government into the private sector and even across borders.

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[1]See a description of IntoSAINT in the April 2009 issue of this *Journal*, pp. 8–9.

NEWS

IN *brief*

Australia

Amendments to the Auditor-General Act 1997

In December 2011, the federal Parliament of Australia passed a number of significant amendments to the Auditor General Act 1997. The amendments give legislative effect to the majority of the recommendations of the report of the Joint Committee of Public Accounts and Audit (JCPAA) after its comprehensive review of the act. The amendments represent the most significant enhancement of the auditor-general's mandate since the addition of efficiency audit powers in 1979. The following are the main amendments:

■ At the request of the JCPAA or the responsible minister, the auditor-general has the authority to conduct performance audits of state and territory entities that receive Commonwealth funding for a Commonwealth purpose. The auditor-general proposes to exercise these powers judiciously and, subject to the views of the JCPAA and ministers, as part of performance audits of Commonwealth entities.

■ The auditor-general has the authority to assess the performance of contractors that the Commonwealth government has engaged for a Commonwealth purpose.

■ The auditor-general has specific authority to audit key performance indicators and conduct an audit program on the appropriateness of those indicators and the reporting against them by entities subject to budget supplementation. The auditor-general intends to conduct such audits in conjunction with the office's financial statement audits.

■ The auditor-general has explicit authority to conduct assurance engagements and utilize the same information-gathering powers that exist to conduct financial and performance audits, where such engagements have been identified as priorities by the JCPAA.

■ The auditor-general's access powers are not affected by claims of legal professional privilege or other privilege and, where information is provided to the auditor-general, such claims are not affected by its disclosure to the auditor-general.

While these amendments will bring with them new responsibilities and challenges, they also reflect the confidence that the Australian Parliament and government have in the work of the Australia National Audit Office (ANAO).

For additional information, contact the ANAO:

E-mail: *ag1@anao.gov.au*
Website: *http://www.anao.gov.au*

Belgium

Analysis of the 2012 Federal Budget

In accordance with its organic law, the Belgian Court of Audit is responsible for reporting to the Parliament on the reliability of the estimates of revenues and expenditures in the draft state and social security budgets.

In 2012, two factors complicated budget drafting in Belgium. First, because of an unprecedented institutional crisis, the state budgets in the preceding years could not be submitted within legally established time frames. Moreover, the Belgian government had to take drastic steps to get public finances back on a balanced footing in the medium term by limiting the deficit of public authorities to 2.8 percent of GDP through structural measures.

In view of these two factors, the Court of Audit analyzed the federal budget from a broader perspective than the in-depth examination it usually carries out. The court's report included a review of

major tax and nontax measures and an appraisal of their revenues, comments on underestimates of expenditures and on the main departures from fundamental budgetary principles (such as universality and specification), as well as a review of the financial evolution of social security.

Representatives of the Belgian Court of Audit commented on the report before the Parliament and answered questions from the members of Parliament.

For further information, contact the Belgian Court of Audit:

> E-mail: *international@ccrek.be*
> Website: *https://www.ccrek.be*

Bhutan

South Asian Regional Seminar on Performance Auditing

The Royal Audit Authority of Bhutan (RAA) hosted a 2-day South Asian Regional Seminar on "Performance Auditing: Challenges and Opportunities" June 5–6, 2012, in Thimphu, Bhutan. The seminar was funded by the World Bank, and more than 42 participants from the SAIs of Australia, Bangladesh, Bhutan, Canada, India, Maldives, Nepal, Pakistan, Sri Lanka, and Vietnam participated. His Excellency Lyonpo Wangdi Norbu, Finance Minister of Bhutan, inaugurated the seminar, and members of the Public Accounts Committee from the Parliament of Bhutan attended the inaugural ceremony. Onno Ruhl (Country Director, World Bank) also participated in all the sessions.

The seminar provided an opportunity for performance auditors to share opportunities and resolve various challenges in performance auditing. Individual SAIs presented performance auditing techniques. Some of the seminar highlights were case studies,

Participants in the South Asian seminar on performance auditing held in Bhutan in June 2012.

a new concept of government performance management; risks in interacting with the media; and quality assurance. Performance audit peer review was also discussed as an important tool for quality assurance in a fast-changing professional environment. The RAA also made a presentation on its *Construction and Procurement Audit Manual, 2011* during the seminar.

A total of 17 papers were presented, including those by representatives from the Office of the Auditor General of Alberta (Canada), the Australian National Audit Office, the World Meteorology Organization, the Performance Management Division of the Cabinet Secretariat of India, and the Office of the Comptroller and Auditor General of India.

Visit of the Auditor General of the Republic of Maldives

The auditor general of Bhutan, Dasho Ugen Chewang, welcomed the auditor general of the Republic of Maldives, Niyas Ibrahim, and delegates to the Royal Audit Authority (RAA) on June 7, 2012.

Niyas Ibrahim (left), auditor general of the Maldives, during his visit with Dasho Ugen Chewang (right), auditor general of Bhutan.

Mr. Ugen Chewang shared some RAA initiatives to promote his institution's professional development as it seeks to enhance transparency and accountability in the country. He said that the RAA has strong mandates enshrined in both the Constitution of the Kingdom of Bhutan and the Audit Act of Bhutan of 2006 and that the RAA is fully committed to collaborating with other SAIs to exchange knowledge and experiences.

The RAA made a presentation on the accountability framework in which the RAA plays a critical role in providing assurance to the legislature and the public through its auditing and reporting. The presentation was followed by discussions and sharing of various audit issues and practices of the two countries.

Mr. Ibrahim expressed his appreciation for the critical roles the RAA plays in promoting accountability and transparency in the use of public resources and complimented the RAA for the growth of the institution. In regards to collaboration, he said that he strongly supports the idea of SAIs working together and learning from each other and looks forward to having similar associations in future.

The meeting was also attended by the senior deputy auditor general, division chiefs, and senior officers of the RAA.

For additional information, contact the Royal Audit Authority:

E-mail: *info@bhutanaudit.gov.bt*
Website: *http://www.raa.gov.bt*

Canada

New Auditor General of Canada

On November 28, 2011, Michael Ferguson was appointed auditor general of Canada for a 10-year term following a resolution of the Senate and House of Commons of the Canadian Parliament.

Prior to his appointment, Mr. Ferguson held several positions in the province of New Brunswick. From 2005–2010, he was the auditor general of the province. Before his appointment as auditor general of Canada, he was the provincial deputy minister of finance.

Michael Ferguson

He has been active in the accounting profession both in New Brunswick and at the national level. He has held various positions within the New Brunswick Institute of Chartered Accountants since 2005, most recently as the institute's president from 2009–2010. At the national level, Mr. Ferguson is currently serving his third term as a member of the Public Sector Accounting Board.

Mr. Ferguson is the chair of the INTOSAI Accounting and Reporting Subcommittee and a board member of the INTOSAI Development Initiative (IDI).

For further information, contact the Office of the Auditor General of Canada:

E-mail: *international@oag-bvg.gc.ca*
Website: *http://www.oag-bvg.gc.ca*

China

Second Meeting of the Shanghai Cooperation Organization

On April 23, 2012, the second meeting of the participating states of the Shanghai Cooperation Organization (SCO) was held in Shanghai, China. The heads or representatives of the SAIs of China, India, Iran, Kazakhstan, Kyrgyzstan, Pakistan, Russia, Sri Lanka, Tajikistan, and Uzbekistan participated in the meeting. Liu Jiayi, auditor general of the China National

Participants in the Shanghai Cooperation Organization meeting held in Shanghai in April 2012.

Audit Office, attended the meeting and addressed participants at the opening and closing ceremonies.

The meeting consisted of two sessions: (1) a seminar on the role of SAIs in fighting corruption and collaborative audits on inter-governmental economic cooperation projects and (2) a working meeting to discuss and approve certain documents—including a memorandum on developing cooperation among the SAIs of the SCO participating states and a plan of activities to implement the cooperation.

The participants agreed that audit institutions should play an active role in fighting corruption and that there were bright prospects for the future of their cooperation.

China's Auditor General Visits the SAIs of Korea and Japan

Liu Jiayi, auditor general of China, visited the Board of Audit and Inspection of Korea and the Board of Audit of Japan in April 2012.

During the visits, Mr. Liu held talks with his counterparts—Kun Yang, chairman of the Korean SAI, and Hiroyuki Shigematsu, president of the Japanese SAI. The heads of SAIs shared their views on the role of audit in promoting good governance at the national level and other audit issues of mutual interest. Mr. Liu also exchanged information with Mr. Yang and Mr. Shigematsu on the latest developments in the SAI of China and the preparations for the XXI INCOSAI (which China will host in 2013), including the Chinese SAI's drafting of the theme I paper on national audit and national governance.

On April 4, Mr. Liu also called on Hwangsik Kim, the former chairman of the Korean SAI and current prime minister of Korea. Mr. Kim expressed his best wishes for the XXI INCOSAI to be held in Beijing.

Palestinian Audit Delegation Visits China

A Palestinian audit delegation, headed by Jamal Abu Baker, acting chairman of the State Audit and Administrative Control Bureau of Palestine, paid a goodwill visit to the China National Audit Office (CNAO) from July 2 to 8, 2012. Liu Jiayi, auditor general of China, met with the three-member delegation. Dong Dasheng, CNAO deputy auditor general, and officials from the Department of International Cooperation also took part in the meetings.

Mr. Liu spoke highly of the friendly exchanges between China and Palestine and the mutual understanding and support in international audit affairs between the two countries. Mr. Liu expressed his hope that cooperation between the CNAO and the State Audit and Administrative Control Bureau would be strengthened to share additional audit experiences.

Mr. Abu Baker proposed that the two sides sign a memorandum of understanding on bilateral cooperation to enhance the audit capacity and development of auditing in both countries.

For additional information, contact the CNAO:

> E-mail: *cnao@audit.gov.cn*
> Website: *http://www.cnao.gov.cn*

Egypt

New President and Recent Activities of the Central Auditing Organization

In September 2012, Counselor Hesham Genena was appointed to be the new president of Egypt's Central Auditing Organization (CAO). He succeeds Counselor Gawdat El-Malt, who retired in October 2011. Earlier, Acc.

Mounira Ahmed Abd El Hady had been appointed as the CAO vice president, and she served as the acting president until Mr. Genena's appointment.

Hesham Genena

The CAO participated in the 2nd meeting of the AFROSAI Working Group on Environmental Auditing (WGEA) held July 2–6, 2012, in Yaoundé, Cameroon. The meeting was attended by 53 participants from 18 countries. SAI experiences in environmental auditing were shared and progress on the WGEA's 2011–2013 work plan was discussed. During the discussions, it was agreed that the CAO would initiate a coordinated environmental audit on the Nile River that will involve the SAIs of Ethiopia, Southern Sudan, Sudan, Uganda, Kenya, and Tanzania. It was also agreed that the 3rd AFROSAI WGEA meeting will be held in Egypt in April / May 2013.

The CAO also participated in the World Congress on Justice, Governance and Law for Environmental Sustainability, which was held in Brazil June 17–20, 2012. From September 3–6, 2012, the CAO hosted the fifth extraordinary meeting of the ARABOSAI environmental work team,

which the CAO chairs. One of the main subjects discussed during the meeting was the work team's participation in the guideline concerning the theme of water.

The CAO hosted a training workshop on the role of SAIs in developing governmental entities' performance indicators May 6–10, 2012, in cooperation with ARABOSAI. This workshop was part of the framework of the training and scientific research work plan for 2012 that was approved by the ARABOSAI 11th General Assembly held in Saudi Arabia.

For additional information, contact the CAO:

> E-mail: *ircdept@yahoo.com*
> Website: *http://www.cao.gov.eg*

Iceland

2011 Annual Report Issued

In July 2012, the SAI of Iceland issued its 2011 Annual Report of the Iceland National Audit Office, which is available in English on its website. The report summarizes the financial and performance audits the SAI has carried out in the context of the economic recovery program that the Icelandic government has been involved in since 2009. It highlights a January 2012 report on guarantees and other state obligations that are not included in the budget and the central government accounts, as well as the SAI's examination of state procurement practices. The report also discusses issues identified in monitoring the finances of political parties and candidates and the SAI's strategic planning process for 2011–2015.

For additional information, contact the National Audit Office:

> E-mail: *postur@rikisend.is*
> Website: *http://www.rikisend.is*

Jordan

2011 Annual Audit Report Released

Mustafa Al-Barari, president of the Audit Bureau of Jordan, has submitted the 2011 annual report to the speakers of the lower and upper houses of Parliament in accordance with provisions of the Jordanian Constitution and the Audit Bureau Law of 1953.

The report contains the results of audits conducted during 2011 on the final accounts of the annual expenditures and revenues of state and public entities, including audit findings and recommendations to address those findings.

Launch of the Arab-Jordanian Audit Institute in Jordan

In 2011, the Audit Bureau started construction to establish the Arab-Jordanian Audit Institute in Jordan. The aim of this project is to serve the training needs of the Arab SAIs, as well as SAIs at the regional and international levels. It will constitute a forum for exchanging knowledge and experiences among INTOSAI member

SAIs in various audit and accountability areas.

For additional information, contact the Audit Bureau of Jordan:

> E-mail: *info@ab.gov.jo*
> Website: *http://www.audit-bureau. gov.jo*

Moldova

Cooperative Project with Swedish SAI to Promote Institutional Development

For the past 6 years, the Court of Accounts (COA) of the Republic of Moldova has partnered with the Swedish National Audit Office (SNAO) in a project designed to promote the COA's institutional development in accordance with INTOSAI standards. A number of activities related to this cooperative project were carried out in 2012.

In January 2012, an SNAO expert provided training in quality frameworks for the COA team. The COA participants focused on issues related to the compliance of COA policies and procedures with the International Standard on Quality Control (ISQC1) and ISSAI 1220 regarding leadership

Serafim Urechean, president of the Moldovan Court of Accounts (right), with staff from the Swedish National Audit Office who provided assistance in the COA institutional development project.

Members of the Plenum of the Molodovan Court of Accounts.

responsibilities for quality, human resources, and monitoring, as well as quality requirements for public external audit.

At the end of January 2012, two SNAO evaluators visited the COA to assess its development stage after 6 years of cooperation with the SNAO and to identify further measures needed for the COA to develop into a modern SAI. One of the evaluators presented an overview of the quality assessment results for audit work the COA performed in 2011. A member of the COA presented a report stating that the COA's objective was to meet INTOSAI international standards in its audit activity.

With the support of the SNAO, the COA developed its own quality framework for regularity audits, which is being implemented gradually. The quality framework for regularity audits establishes an approach to the quality of the audit process, including the three stages of quality control: (1) routine actions performed daily by the audit team and permanent reviews by the head of the audit team, (2) quality monitoring or "hot" review, and (3) quality assessment or "cold" review.

In April 2012, SNAO experts organized a training seminar and workshop on fraud as part of the financial audit

subproject. Participants discussed international standards in this area and their proper application in practice. A COA-SNAO mission team evaluated the quality of audit work the COA had performed and examined the ISQC1 policies and procedures that the COA had implemented, its reports for 2011, and its planned activities in accordance with the report on cold review.

In May 2012, two experts from the SNAO held a special seminar on the differences between cold and hot review and the responsibility of different COA parties for audit quality.

Five Members of Court of Accounts Plenum Complete First Year of Service

The COA's Plenum is a collegial body of seven members, including the COA president and vice president. The Parliament appoints the president and, on the president's recommendation, the vice president. The members are appointed for a 5-year term based on the president's recommendation and a majority vote of the deputies.

In July 2012, five members of the COA completed their first year of service. Tudor Soitu, Valeriu Chitan, Angela Pascaru, Ion Sturzu, and Gheorghe

Trocin were appointed as members by a parliamentary resolution signed in July 2011. Tudor Şoitu was appointed to be the COA vice president by the same resolution. Earlier, Serafim Urechean had been appointed as president by a parliamentary resolution signed in April 2011. Ecaterina Paknehad was appointed to be a member by a parliamentary resolution signed in November 2007.

It was a successful year of activity for the COA, marked by the improvement and modernization of working methods and the exchange of international experiences.

For additional information, contact the COA:

E-mail: *cdc@ccrm.gov.md*
Website: *http://www.ccrm.md*

Morocco

New First President of the Court of Accounts

In August 2012, HM King Mohammed VI appointed Driss Jettou as the new first president of the Court of Accounts of Morocco. He replaces Ahmed El Midaoui.

Driss Jettou

Driss Jettou was born in 1945 at El Jadida, Morocco. He received a master's degree in science from the University of Rabat in 1966 and a management degree in London in 1968. During his career, he has served as the CEO of many private and public companies.

In addition, he was the Moroccan minister of trade and industry from 1993–1997 and the minister of finance, trade, and industry from 1997–1998. From 2001–2002, he was the minister of the interior and from 2002–2007, he was the prime minister.

Mr. Jettou holds several honorary awards, including Officer of the Order of the Throne and Grand Cordon of the Order of the Throne (Kingdom of Morocco) and the Grand Cross of the Order of Isabel the Catholic and the Grand Cross of the order of Carlos III (Kingdom of Spain).

For additional information, contact the Court of Accounts:

> E-mail: *ccomptes@courdescomptes.ma*
> Website: *http://www.courdescomptes.ma*

Nepal

Acting Auditor General Named

Deputy auditor general Bimala Subedi was named acting auditor general of Nepal effective July 29, 2012. She replaced Khem Prasad Dahal, the former acting auditor general, who retired earlier that month.

Mrs. Subedi joined the civil service in 1982 as an audit officer and had served as deputy auditor general since March 2011. She has wide experience in the field of public sector auditing and government financial management.

Auditor General's Annual Report Submitted

In accordance with the provisions of the Interim Constitution of Nepal, 2007, the acting auditor general submitted the 2012 annual report to the president of Nepal in April 2012. This report covers the audit of the fiscal year ending July 16, 2011. The annual report covers details of bodies audited, the status of irregular amounts, attempts made to settle the irregular amounts, accomplishments to date, and future audit reforms needed. The audit observations and findings reported were based on examinations of the financial statements and accounts of constitutional bodies, the Supreme Court, the Parliament, ministries, the Nepali Army, the armed police force, the Nepali police, fully-owned government enterprises, and autonomous bodies, such as boards, trusts, committees, and universities. The report cited a number of areas of concern in the management of public funds and also included major observations of performance and IT audits conducted during 2011–2012.

For additional information, contact the Office of the Auditor General:

> E-mail: *iagnep@ntc.net.np, info@oagnep.gov.np*
> Website: *http://www.oagnep.gov.np*

Romania

Development of Guidance for Public Debt Auditing

The Romanian Court of Accounts developed a guide for financial audits of public debt to establish a unified framework for implementing procedures and methods used in public debt auditing. The guide was based on ISSAI 5410 (*Guidance for Planning and Conducting an Audit of Internal Controls of Public Debt*), ISSAI 5421 (*Guidance on Definition and Disclosure of Public Debt*), ISSAI 5440 (*Guidance for Conducting a Public Debt Audit—The Use of Substantive Tests in Financial Audits*), as well as national legislation applicable at the time.

The guide is a first step in determining the set of concepts, procedures, and methods to be used in public debt auditing. By the end of 2012, the Court of Accounts will develop guidelines for debt management performance audits and compliance audits of public debt, which will complement the guide on financial audits of public debt. By drawing up these last two guidelines, the Court of Accounts will have implemented additional related ISSAIs—ISSAI 5411 (*Debt Indicators*), ISSAI 5420 (*Public Debt Management and Fiscal Vulnerability: Potential Roles for SAIs*), and ISSAI 5422 (*An Exercise of Reference Terms to Carry Out Performance Audit of Public Debt*).

Workshop for the SAIs of Romania and Poland and the World Bank

In July 2012, a workshop was held at the World Bank headquarters in Bucharest for auditors from the Romanian Court of Accounts and the Supreme Audit Office of Poland. The workshop was designed to be an instrument of dialogue with the World Bank to help better understand and clarify the bank's operational procedures.

The workshop sessions, held on July 11 and 12, focused on legal issues, aspects of financial management, and procurement procedures. However, other issues were also clarified, including support mission projects, the mechanism for issuing "no objection," the use of operational manuals, and procurement plans for each project.

During the discussions, the Romanian and Polish auditors also raised several

issues identified by external auditors in public audits of projects financed through World Bank loans.

For additional information, contact the Romanian Court of Accounts:

E-mail: *international.romania@rcc.ro*
Website: *www.curteadeconturi.ro*

Saudi Arabia

Recent Training Activities of the General Auditing Bureau

In cooperation with the Office of the Auditor General of Pakistan, the General Auditing Bureau (GAB) of Saudi Arabia recently conducted a number of training courses. These courses covered intensive international training in performance auditing; IT auditing and advanced IT auditing; basic, intermediate, and advanced level performance auditing; risk management; and comprehensive auditing.

In addition, from April 30–May 1, 2012, the GAB held its ninth annual seminar in Riyadh on the role of the GAB in evaluating performance and applying the concept of overall quality.

GAB president Osama Jafar Faquih inaugurated the seminar with an address on ways to enhance cooperation to achieve the goals of comprehensive and performance auditing.

The seminar covered the GAB's role in auditing the performance of government bodies, national performance measurement indicators and the overall concept of quality, internal control and its role in achieving administrative and financial discipline, and electronic government transaction programs. Working papers on these topics were presented by representatives of the GAB and other government bodies and institutions.

For additional information, contact the GAB:

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Spain

New President of the Court of Audit and Secretary General of EUROSAI

On July 30, 2012, Ramón Álvarez de Miranda was appointed to a 3-year term as president of the Court of Audit of Spain, succeeding Manuel Núñez-Pérez. In this position, he also was named secretary general of EUROSAI.

Ramón Álvarez de Miranda

Mr. Álvarez de Miranda holds a degree in economics and business from the Universidad Complutense of Madrid and is a chartered accountant and member of the Official Registry of Accounts Auditors. He was also a member of the Spanish Parliament for several years and worked in the economic studies department at Urquijo Bank. He has written articles for several technical publications and has sat on the Public Sector Administration and Accounting Commission of the AECA (Spanish

Association of Business Administration and Accounting).

Mr Álvarez de Miranda became an officer of the Spanish Court of Audit in 1986 and has held various positions there throughout his professional career. In 2001, he was elected a member of the institution by the Spanish Parliament and entrusted with coordinating the Department for Auditing Local Entities. In July 2012, he was reappointed as a member of the Court of Audit by the Spanish Parliament for a second 9-year term.

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Turkey

Court of Accounts Celebrates 150th Year

On May 29, 2012, the Court of Accounts (TCA), the SAI of Turkey, celebrated the 150th anniversary of its establishment with various activities, including an international symposium devoted to sharing experiences and best practices among SAIs.

Representatives of 26 organizations and SAIs, including Terence Nombembe, Chairman of the INTOSAI Governing Board; Josef Moser, Secretary General of INTOSAI; Guilherme D'Oliveira Martins, President of EUROSAI; Manuel Núñez Pérez, then Secretary General of EUROSAI; and Osama Jafar Faquih, Chairman of ARABOSAI, attended the celebrations and the subsequent symposium.

Mr. Nombembe, Mr. Martins, and Dr. Faquih delivered excellent speeches underlining the role and importance of SAIs and praising the crucial role the TCA has played in Turkey. The Turkish guests of the celebrations—including the president of the Republic

Participants in the Turkish SAI's 150th anniversary celebration and international symposium.

of Turkey, Abdullah Gul; the speaker of the Turkish Grand National Assembly, Cemil Cicek; and several cabinet members—were a testament to the great importance Turkey places on the Court of Accounts.

The celebrations were followed by an international symposium consisting of two sessions chaired by Mr. Nombembe.

During the first session, Vitor Caldeira, President of the European Court of Auditors, delivered a speech underlining the important contribution that enhanced transparency, accountability, and public auditing can make to restoring public confidence. He was followed by Manuel Núñez Pérez, then Secretary General of EUROSAI, who noted the connection between the causes of the current financial crisis and the efficient management of resources and described how SAIs can adapt to any new responsibilities the current circumstances bring about. The first session was concluded by a speech by Mr. Nombembe.

The second session started with the presentation of Osama Jafar Faquih, the Chairman of ARABOSAI, which covered such topics as the importance, value,

and benefits of the SAIs for citizens and society; the growth of accountability demands of citizens; and the possible cooperation between SAIs and citizens; and UN and INTOSAI. Following this presentation, Ellen Van Schoten from the Netherlands Court of Audit spoke on the concept of integrity as it pertains to audits and gave examples of the activities the Netherlands SAI performs in this area. The concluding speech by Dr. Moser discussed the crucial relationship of SAIs with their respective Parliaments and their contribution to strengthening democracy.

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Ukraine

New Chairman of the Accounting Chamber

On April 12, 2012, the Parliament of Ukraine appointed Roman Maguta as the chairman of the Accounting Chamber.

Mr. Maguta graduated from Ternopil Finance and Economics Institute in 1984, specializing in accounting and

analysis of economic activity. From 1984 to 1991, he worked in various positions in the Donetsk regional offices of the Soviet Union's Budbank and Prombudbank. From 1991 to 1995 he was the chief accountant of the Investment and Credit Commercial Bank, the chairman of the board of the Aktseptbank (Commercial Bank) of Donetsk, and the first deputy director of the Donetsk regional office of the Ukrainian bank Vidrodzhennya.

Roman Maguta

From August 1995 to February 2007 he worked in the Donetsk regional office of the commercial bank PrivatBank in various senior positions, from head of the credit department to the first deputy director. In March 2007, he became the chairman of the board of the Ukrainian Bank for Reconstruction and Development. From March 2007 through April 2012, Mr. Maguta was the first deputy chairman of the State Savings Bank of Ukraine in Kiev.

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INTOSAI's New Fundamental Auditing Principles

by Kristoffer Blegvad, SAI of Denmark, Chair of the ISSAI Harmonization Project

Over the next year, INTOSAI will define a new set of fundamental auditing principles.

The XX INCOSAI in Johannesburg in 2010 launched the first full set of ISSAIs. The fundamental auditing principles (ISSAIs 100-999) comprise level 3 of the ISSAI framework. Through the South Africa declaration on ISSAIs, the congress encouraged all INTOSAI members to use the ISSAIs as a common frame of reference for public sector auditing, measure their performance against them, and implement them in accordance with national legislation. With these decisions, INTOSAI set a new and higher goal for its role as a standard setter. Furthermore, since the ISSAIs are a collection of documents developed by many different working groups and committees over a long period of time, INTOSAI also moved to address the outstanding challenge of harmonizing the ISSAIs and ensuring consistency in the ISSAI framework.

The planned launch of a new set of fundamental auditing principles in 2013 will be the first and most crucial step towards more consistent and credible standards. The new principles will provide the international SAI community with an updated common definition of public sector auditing and a common platform that SAIs can use to define their individual auditing approach in line with their legal mandates and national systems. The new principles will also provide the foundation for the full system of guidelines on different auditing tasks that INTOSAI will continue to provide through the ISSAI framework.

Tony Blair, the former British prime minister, is said to have told his staff, "There is nothing important that cannot be explained in 1 page." Readers who share this preference will benefit from the "Spotlight on ISSAIs" column on page 29 of this issue, which summarizes current information on the new fundamental auditing principles. However, for those of us who can afford the luxury of taking a little more time—or who perhaps just lack the acumen of a prime minister and his staff —this article provides further explanation and background on why INTOSAI needs to revise the fundamental auditing principles.

Professionalism, Credibility, and Quality

The purpose of INTOSAI's standard setting is to promote professionalism, credibility, and quality in public sector auditing. Establishing a new framework for professional standards was a key objective of goal 1 of INTOSAI's strategic plan for 2004–2010. Therefore, between 2005 and 2007, the INTOSAI Professional Standards Committee (PSC) gathered all existing INTOSAI documents on auditing and related matters. These were classified and numbered according to a set of principles under two new names: International Standards of Supreme Audit Institutions (ISSAI) and INTOSAI Guidance for Good Governance (INTOSAI GOV). The text of the 1992 INTOSAI auditing standards was divided into four ISSAIs under the heading "fundamental auditing principles," and it was foreseen that they would need to be revised in the future.

Today, INTOSAI has a comprehensive set of ISSAIs covering financial, performance, and compliance auditing and an established due process for INTOSAI professional standards that defines how ISSAIs are developed, maintained, revised, and withdrawn. We have mutually committed relationships with other standard setters, such as the International Federation of Accountants (IFAC) and the Institute of Internal Auditors (IIA), and have received support from international donors to develop and implement the standards. The next step—and a key PSC goal for the XXI INCOSAI in 2013—is to revise the auditing standards text from 1992, which has been surpassed by a range of newer ISSAIs. These include ISSAI 10: *Mexico Declaration on SAI Independence* (2007), ISSAI 20: *Principles of Transparency and Accountability* (2010), and ISSAI 40: *Quality Control for SAIs* (2010), as well as new guidelines on financial, compliance, and performance auditing. The new set of fundamental auditing principles will fill the gap between ISSAI 1: *The Lima Declaration* and the new ISSAI 1000-4999 auditing guidelines on financial, performance, and compliance auditing and reflect what public sector auditing is today.

Launching a new set of fundamental auditing principles is, therefore, a necessary step if INTOSAI wishes to maintain its role as a credible standard setter, and it will also strengthen the ISSAIs as a set of standards that SAIs can implement and refer to. There are four specific reasons why it is important for SAIs that INTOSAI have a credible standard setting process:

The ISSAIs safeguard and promote effective independent auditing: The ISSAIs provide an authoritative reference that works to safeguard and promote effective independent auditing in all countries, including those where independence cannot be taken for granted. The recognition of INTOSAI's role reached a new level in December 2011 when the United Nations General Assembly adopted Resolution A/66/209, *Promoting the efficiency, accountability, effectiveness and transparency of public administration by strengthening Supreme Audit Institutions*, and referred to the Lima and Mexico Declarations. The ISSAIs reflect the fact that independence and other SAI privileges are not an end in themselves but rather prerequisites for effective auditing. In many countries, international standards increasingly shape the practices of the auditing profession, and SAIs are also increasingly expected to follow generally recognized standards and practices. INTOSAI's standard setting enables us to define appropriate professional standards for public sector auditing that can influence stakeholder expectations and shape the future of our profession.

The ISSAIs provide professional identity and a common language: The SAI community includes different organizations composed of lawyers, economists, accountants, and many others who serve as magistrates, ministers, comptrollers general, auditors, civil servants, and other positions with equally distinguished titles within their specific national setting. Our standards provide a common frame of reference that expresses our core principles and shared values as an international profession. They also provide the common set of concepts that facilitate cooperation and mutual sharing of experiences within INTOSAI.

The ISSAIs provide credibility: SAIs work in environments where their conclusions are not always warmly received—even if they may be well founded. Conducting an audit in accordance with international standards adds credibility to the audit and reported conclusions. The ISSAIs may also provide a persuasive argument when the SAI's competency or audit scope is questioned: The ISSAIs mean that, for example, economy, efficiency, and effectiveness are internationally recognized concepts in public sector audits.

The ISSAIs support quality: The ISSAIs are a tool to ensure audit quality. They provide professional guidance that SAIs can use to develop their audit approach and a benchmark that the SAI can be measured against in peer reviews. They may also be used as the basis for audit manuals or for internal evaluation and control of audit quality.

Why Fundamental Auditing Principles?

Between 2005 and 2009, the PSC Steering Committee discussed the levels and function of the ISSAI framework. A survey in 2007 showed that three-quarters of the SAIs used INTOSAI's standards. The standards were generally used in combination with other international, regional, or national standards. This highlighted the proliferation of standards and guidelines from different sources that the SAI community is facing. It is therefore the ambition of the PSC to contribute to international harmonization and work to clarify similarities and differences between private and public sector auditing.

Only about half of the SAIs that reported the use of international standards (either INTOSAI or other standards) referred to them in their audit reports. For other SAIs, the international standards had a range of additional functions important to the credibility and quality of audits, including development of methodology, educational purposes, development of national standards, and relations with stakeholders.

To meet the different needs within the INTOSAI community, the ISSAIs provide auditing guidance on two levels: the fundamental auditing principles (ISSAIs 100-999), which express the essence of public sector auditing, and the auditing guidelines (ISSAIs 1000-5999), which translate the fundamental auditing principles into more specific, detailed, and operational guidance. These guidelines draw on guidance from other standard setters; most notably—as a result of INTOSAI Governing Board decisions in 2002–2004—the financial audit guidelines include the IFAC International Standards on Auditing.

The PSC Steering Committee considers it highly important that the new revised principles support all INTOSAI members and acknowledge the different ways in which SAIs work. Consequently, in 2009–2010, we mapped the legal mandates of 37 selected SAIs to see how legal provisions defined their audits. PSC members representing INTOSAI's regional groups did the mapping, and the SAIs were selected to represent the existing diversity in SAI models, systems, size, and functions. The results of the mapping indicated that almost all mandated audit tasks fall into the

three general categories of financial, performance, and compliance auditing. However, the SAI mandates defined, combined, and further specified these categories in many different ways. ISSAI 100 will, therefore, provide the most general principles and concepts relevant to all public sector audits. The more specific principles for financial, performance, and compliance auditing in ISSAIs 200, 300, and 400 will supplement those in ISSAI 100 in a way that recognizes that these principles may not be equally relevant for all SAIs or all audits.

The new fundamental auditing principles will be aimed at auditors but also be accessible to a wider external audience. Even though they will not fully satisfy Tony Blair's 1-page requirement mentioned above, they will still be very brief and readable in comparison to the approximately 1000 pages of auditing guidelines. This will increase the ISSAIs' value as an authoritative source in SAI stakeholder dialogue with ministries, parliamentary committees, or others to whom the SAI leadership may wish to explain international definitions of public sector auditing.

The Proposed Text of the New ISSAI 100

Since the XX INCOSAI, the members of the ISSAI Harmonization Project Group have worked hard to develop the text of the new principles. In addition to the chair (Denmark), the project group includes members from the PSC's Financial Audit Subcommittee (Sweden, the U.K., and the United States), the Performance Audit Subcommittee (Brazil, Sweden, and Austria) and the Compliance Audit Subcommittee (Norway, the European Court of Auditors, and Slovakia), as well as the chair (South Africa) and vice chair (China) of INTOSAI's Governing Board and the chairs of the Knowledge Sharing Committee (India) and the Task Force on SAI's Information Database (Mexico).

As announced in this issue's "Spotlight on ISSAIs," the draft of the new ISSAI 100 (along with that of ISSAI 300) has been posted on the ISSAI website (*www.issai.org*). All INTOSAI members and others who wish to are invited to comment on these drafts until February 15, 2013.

The new ISSAI 100 will be the principal entry point to ISSAI auditing guidance and a hub for the rest of the ISSAI framework. The ISSAI states that public sector auditing is essential to providing independent, objective, and reliable information to legislatures, oversight bodies, those charged with governance, and the public. It notes that public sector auditing contributes to improved public sector administration in many ways.

The document also (1) details information on the objectives of public sector audits, confidence and assurance, and the types of public sector auditing (financial, performance, and compliance) and (2) provides the principles to be applied in audits.

The principles recognize that SAIs conduct their audits according to different national, regional, or international auditing standards that may be issued by the SAI or adopted from another source or may be the ISSAI 1000-4999 financial, performance, and compliance auditing guidelines. Therefore, the ISSAIs can be referred to in

two principal ways: audit reports may state either that the audit was conducted in accordance with a national standard based on ISSAI fundamental auditing principles or that the audit was conducted in accordance with the ISSAIs. In the latter case, the auditing guidelines for financial, performance, or compliance auditing are applied as the authoritative standard.

In this way, the project group and the PSC Steering Committee have ensured a high degree of flexibility whereby each SAI can define its own approach and use the standards relevant within its context. At the same time, the new principles ensure transparency for the users of SAI reports. Perhaps most importantly, the new ISSAI 100 recognizes that in spite of all the differences in systems, mandates, and auditing approaches, certain fundamental principles of public sector auditing unite all of INTOSAI.

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Factors Critical to Institutional Strengthening of Public Auditing (A Case Study from the SAI of Kazakhstan)

by Almagul Mukhamediyeva, Astana, Kazakhstan

Today, SAIs play a central role among public audit institutions, and the growing challenges and sophistication of the environments in which they operate makes it increasingly important to strengthen their capacities. SAIs must meet high standards to ensure the transparency, accountability, and efficiency of government operations, a task of national importance. Therefore, SAIs at every stage (whether advanced, newly created, or emerging) need to identify and model the factors critical to success in strengthening of the government's auditing function. Their aim should be to achieve sustainable and progressive results at the tactical, strategic, and conceptual levels, and they should focus their efforts on improving audit-related legislation, methodology, and practice.

Because of their role, SAIs can and must help to identify prospective development areas in the public audit systems of their countries, which can be addressed by negotiating with involved state bodies and implementing long-term development concepts. All institutions comprising a national public audit system should work together to identify and set out on a development path that will lead to improved governance; ensure the transparency and accountability of the public sector; prevent fraud, abuse, and corruption; and meet the requirement for efficient use of public resources.

The Accounts Committee for Control over Execution of the Republican Budget—the SAI of Kazakhstan and an INTOSAI Member—has, over the years, started to adopt a long-term development concept for the state financial control system (presently, a draft concept for the period until 2020 has been developed). To date, Kazakhstan's system has achieved certain positive results; namely, the country's SAI and independent local audit bodies were established and developed, and the internal control function was introduced in the public sector. However, some systemic issues still need to be addressed, including shortcomings in the organization of the public audit and information exchange systems, limited opportunities to conduct audits of the government's consolidated financial statements, and inefficient preventive actions and early warning mechanisms used to detect deviations. The conceptual implementation measures are designed to resolve these systemic problems and establish the following priorities: (1) attaining greater independence of external audit and ensuring its sustainable capacity improvement and (2) facilitating efficient organization of internal control in accordance with successful examples of public bodies in advanced countries and private sector entities.

Along with conceptual initiatives, newly created SAIs need to draft, and all SAIs need to improve, legislative acts governing and relating to public audit. Establishing a legal framework and improving existing legislation are equally difficult. However, for newly established SAIs or those undergoing reforms, the legislative drafting is complicated by

a number of issues. These include the need to (1) identify and establish an SAI model (whether court-based, mixed, or unique) that will not conflict with the government structure and (2) identify the SAI's role, mission, and mandates to facilitate its efficient functioning.

At the methodological level, SAIs need to focus on strengthening institutional development by harmonizing national standards (state financial control standards) with ISSAIs and other professional standards. Harmonization envisages improving the quality of standards that will meet the needs of the auditors and ensure relevant and effective auditing. If the structure and content of the standards are improved, it will, in turn, help ensure better transparency and accountability in executive bodies and help prevent deviations and fraud, thus increasing the level of public trust in public governance. This will also create greater trust in the SAI itself as it uses its standards to declare and follow principles of independence, ethics, professionalism, openness, and serving the public interest.

In this area, the SAI of Kazakhstan is undertaking the following tasks to improve its audit standards:

- Build a hierarchy of legislative and methodological documents to clearly differentiate norms and requirements that will be regulated at the level of standards—in other words, the areas and boundaries of public audit standardization (the content of relevant laws, standards, and guidelines should be interrelated and exclude duplication and misinterpretation).

- Develop an operational system of standards and derivative or implementation guidelines, preferably those similar to the updated ISSAI structure.

- Introduce a mixed-modified application of international standards—i.e., a definition of the regulations of ISSAIs, International Auditing Standards, the U.S. yellow book, and other national standards that can be implemented in the Kazakh system.

- Determine an efficient structure to ensure the continuity of the process of modernizing the standards by establishing managing committees and working groups.

- Involve all interested bodies, organizations, and the public in the standards improvement process by applying various mechanisms and new technologies.

In addition, the SAI of Kazakhstan needs to implement tasks that take into account the country's unique characteristics and material and human resources situation, as well as its access to INTOSAI know-how and products.

Strategic level planning is a parallel step in building a good model for the institutional strengthening of public auditing. Many advanced SAIs have successful strategic planning practices and other SAIs are following this practice, including the SAI of Kazakhstan. As the SAI gains more experience, it can take the lead in introducing best planning practices because it has the authority to assess strategic plans of all public bodies. Therefore, it needs to not only propose improvements in assessed strategic

plans, but also demonstrate best practices by its own example. Presently, Kazakhstan's SAI is a regional leader in defining its mission, strategic objectives, and goals. However, it still needs to introduce acceptable targets and performance indicators, further strengthen organizational structure in accordance with strategic objectives and goals, and develop and introduce efficient risk management mechanisms.

Applying successful practices is one way to improve the efficiency of strategic planning. For instance, the following practices would be acceptable for Kazakhstan's SAI to study in the midterm and adopt in the long term: identifying high-risk areas (SAI of the United States), developing better governance guidelines in the public sector (SAI of the United Kingdom), and using the "4E" methodology of economy, efficiency, effectiveness, and ecology (SAI of Canada). Peer reviews can also be introduced depending on the development goals of Kazakhstan's SAI. For example, it is currently feasible to conduct peer reviews to assess (1) audits of the compliance of public and quasi-public sector entities' financial statements with International Public Sector Accounting Standards and International Financial Reporting Standards; (2) the methodology and practice of efficiency and strategic plan assessment audits; (3) quality control and risk management systems; and (4) the system of professional development for public auditors.

In a successful strategic plan, actions planned at a strategic level should be achievable at a tactical level. Developing an annual action plan at a tactical level is a traditional and well developed task for advanced SAIs, but not an easy one. It is often beyond the scope of possibility for newly established and emerging SAIs in terms of the degree of complexity and decision making required. Establishing a new institution should be justified for the legislators and the public from more than an economic point of view. An SAI's plan should ensure that the auditors will be in a right place at a right time and that their work will be efficiently organized, will not affect operations of the auditee, and will be focused on both the detection of deviations and implementation of improvements. An annual plan should define the list of audits in accordance with the SAI's statutory powers; ensure the conduct of timely audits based on unforeseen requests; and ensure the segregation of employees' duties based on the audit area depending on their qualifications, experience, and functional tasks.

The annual planning process adopted by Kazakhstan's SAI addresses the following issues:

- selection of methods and techniques to apply to audits and analytical and research assignments allowing for complete and objective conclusions on budget execution;
- timely methodological and informational support of auditing bodies at local levels; and
- implementation of an efficient public audit information and communication system.

The experience of newly created or emerging SAIs demonstrates that planning and implementing work under annual plans is complicated by the lack of resources.

Finally, practical level modeling should be rationally linked to measures aimed at maintaining the proper professional level of SAI employees. While participation in training is undoubtedly successful and effective, it is not an exhaustive measure. In particular, a newly established or emerging SAI should address a number of issues, including the following:

■ How can a trained employee be retained in an SAI or, at least, within the public audit system?

■ Are there mechanisms that guarantee practical application of the knowledge and skills obtained through training?

■ What is the life cycle of the knowledge and skills obtained—the time period during which such knowledge and skills will remain valid and relevant for an SAI's goals?

Therefore, additional actions and funds should be envisaged in addition to professional development measures. A high expectation environment focused on achieving practical results should be created at all SAI structural subdivisions. Best practices, whenever acceptable, should be applied and also take domestic initiatives into account. For instance, in the case of Kazakhstan's SAI, practice is developed ahead of methodology and legislation. Success in this area can be achieved by focusing on target issues related to existing gaps or areas that require further improvement and by selecting accessible and rapid ways to resolve such issues.

Additional measures designed to strengthen institutional public auditing capacity also include international and regional technical assistance projects. For instance, the USAID Macroeconomic Project that was launched in October 2011 provides technical assistance to key public bodies in Kazakhstan and Turkmenistan. The project's work with the Kazakh SAI focuses on strengthening its capacities and covers issues ranging from improving standards, to promoting conceptual initiatives, to holding targeted workshops, to conducting pilot audits with the help of the project's experts. A mandatory requirement in determining the assistance areas of a project is to avoid duplication of tasks with other projects, which fully conforms to donor coordination initiatives of INTOSAI.

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A Risk-Based Method for Audit Site Selection

by Dany Julien and Sacha Sabih, Canada Revenue Agency

Several years ago, after finishing the planning phase for the first-time audit of a program area, we faced one key unanswered question: Where should we go to gather the evidence we would rely on in order to address our audit objectives?

In past audit engagements, we had selected our sites by using our judgment based on qualitative and quantitative information found in concurring audits, reviews of comparative data (volumetrics), analyses of program monitoring information, and other sources. While far from comprehensive, these elements had generally been sufficient guides for selecting a sample of sites. However, given the increasingly fast-paced change environment in the operations we audit, we realized we had to develop new ways of conducting audits. We, therefore, adopted a risk-based methodology to support our site selection and add value to our process.

Knowing your Client

As with most audits, we began preliminary interviews with the key client, the senior manager responsible for the program area being audited. We discussed the role of internal audit and described the process we would follow: why we were carrying out this particular audit and what they could expect over the course of it (i.e., good communication, regular updates, etc.). The client talked about the unit's operations, pressures, service approach, mandate, deliverables, and a recent reorganization the client's organization had undergone. However, no big risks were mentioned, and the client felt that, in general the program was well-managed.

It is important to emphasize that the program area for this client had never been audited. While we were auditing a specific operational area, this division is also responsible for other programs. This involves providing a large amount of analyses (in the form of presentations addressed to senior management, documents, flowcharts, innovation benchmarking, research, etc.) to support its recent operational changes.

We felt that we could gain a better understanding of our client's needs by providing them with more than the usual amount of information regarding our audit process and objectives and that this would be beneficial to both parties in the long run. Additionally, while as auditors we knew that to maintain our independence we need not share everything with our clients throughout the course of the audit, for this particular first time auditee, it was advantageous to adapt our auditing style to obtain their support and buy-in to the audit process. To accomplish this, we discussed our criteria and the results of our site selection analysis with the client early in our work.
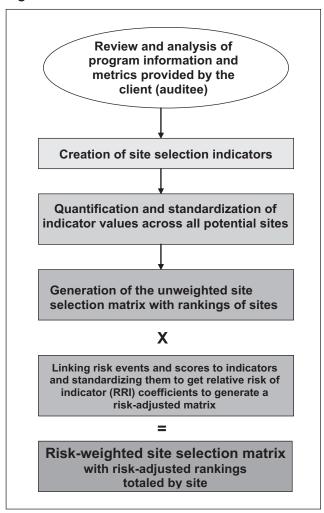
The Site Selection Process

After gathering and reviewing information about the program under audit, we realized that using our traditional comparative site selection approach would be challenging given that the program area had operational sites located in 5 geographical regions,

including 12 main offices and 40 smaller points of service. Therefore, we applied a risk-weighted site selection model as a parallel model to our traditional comparative method.

The elements of the risk-based audit site selection model are outlined in figure 1. This section describes the steps we followed to implement the model in our audit.

Figure 1: The Risk-Based Site Selection Model

We began our risk-based selection process by using the same data (tabled by region) that the client had made available to us. Metrics were transformed into indicators[1] based on information that was thought to be relevant to site selection based on the audit objectives. Each indicator for each region was ranked from 1 to 5. A rank of

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[1]For example, the quotient of individual measurements of Total Budget (Salary and Operating and Maintenance) and Total Volume (processed) were calculated for each region to determine a relative indicator of per unit cost, which was thought to be more relevant to site selection (for example, targeting regions whose unit costs were relatively higher or lower).

1 was attributed to the region whose indicator value was the most critical[2] to site selection. Ranks for all five regions across all 17 indicators were determined. The sum of ranks for each region was calculated in a total score and tabled in an unweighted site selection matrix, where (as shown in the second column of table 1) regions A, B, C, D, E were then ranked 4, 3, 1, 5, and 2, respectively.

We then developed a risk adjusted matrix (RAM) to factor in the risk events (RE) identified in our preliminary risk assessment as we conducted preliminary interviews, environmental scanning, etc. REs were always phrased in the form of a specific change in a set condition that would impact the program being audited—for example, the risk that the information the program managed about one client would be sent by mistake to another client. These REs were then assessed against the likelihood of their occurring, the impact they would have, and current controls in place to mitigate them. We made assumptions about the risk drivers or catalyst of these REs—i.e., how likely is that catalyst to materialize? REs were then cross-referenced as best descriptors to each of the 17 indicators. In many cases, more than one relevant RE was tied to a single indicator, which required that the scores (ranging from 3 to 27) for all relevant REs be averaged and then normalized by dividing by the maximum allowable risk score (27) to yield the relative risk of the indicator (RRI). The RRI that would result would then be a coefficient between zero and one ($0<RRI\leq1$), and the RRI scores of each indicator populated the risk-adjusted matrix. The RRI was then applied to the unweighted site selection matrix to generate the risk-weighted site selection matrix. Rankings for each region across all 17 indicators were then recalculated and totaled to determine the risk-weighted site selection rankings. Under this model, regions A, B, C, D, and E were now ranked 3, 2, 1, 5, and 4, respectively. Table 1 below summarizes the different rankings for the regions using the different site selection methods.

Table 1 – Regional Rankings Using Different Site Selection Methods

Region	Traditional Comparative Site Selection Method Ranking	Unweighted Site Selection Model Ranking	Risk-Weighted Site Selection Model Ranking
	1 = highest risk		
A	5	4	3
B	3	3	2
C	1	1	1
D	2	5	5
E	4	2	4

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[2]For example, the region with the highest per unit cost was given the rank of 1, and the region with the lowest per unit cost was given a rank of 5. Had our indicator been Total Volume per Budget Dollar, the region with the lowest volume processed per dollar would have received a rank of 1 and vice-versa.

The site selection exercise demonstrated that both the traditional comparative method and the risk-weighted model identified region C as the highest risk. However, for the remaining 4 regions, viewing our site selection indicators through the filter of our risk assessment yielded slightly different results. These were shared with the client and confirmed to be a truer reflection of the current environment.

Value Added by Using the Risk-weight Site Selection Process

In our opinion, the risk-weighted site selection model added value by getting the required buy-in from the client while also providing a thorough quantitative tool to support our audit methodology. This model provided the extra step needed for a more open discussion with the client about the real issues. The model is still experimental, but once it is fully developed, it could easily be applied to a continuous monitoring program, a cyclical planning exercise, or an annual risk planning exercise. It integrates the initial risk assessment process with the site selection audit step. If populated on a regular basis (monthly, quarterly, or annually), the model can be adapted to operational needs and can truly reflect internal or external changes. It could be adapted for any segregated environment (such as commodity, sector, geography, or threshold) against the client's monitoring or performance information. At the same time, it does require extra analysis, and audits under tight time frames or resource constraints may or may not be able to take this extra step to quantify their risks.

The risk-weighted site selection model relies mostly on the client's own monitoring and performance data to create the indicators, which can reduce its accuracy depending on the reliability and validity of the information provided. This is where we believe the risk adjusted matrix[3] values can compensate. A risk adjusted matrix value gives an order of importance to the indicator and, by extension, to the monitoring information provided, which can vary through time. What was deemed good information to monitor in the past may no longer be as relevant today. This is where this risk-weighted approach brings discipline to a monitoring function that may be automated.[4] Ultimately, the risk-weighted site selection model provides a balance between performance monitoring information and assessment of risk for better informed decision-making.

Translating the information from your initial risk assessment to the other steps of your audit allows for a detailed, documented approach that an external reviewer can verify and reproduce. Such a process provides an excellent foundation for discussion with your client and can be used to build a stronger audit program. Combining the audit risk assessment with what data the client may already have provides an excellent opportunity to tap into existing information for a more accurate decision-making process, which can result in savings in planning time, travel costs, and resource allocations.

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[3]Our actual model calculated the risk-adjusted matrix value as the product of the relative significance of the indicator (RSI) value and the relative risk of the indicator (RRI) value.

[4]Some monitoring tools can be fully automated by relying on complex software algorithms. Others are dated, even outdated, and yet are routinely performed despite their being unable to provide current and meaningful information to senior management.

As with any model, the usefulness of the risk-weighted site selection model will depend on the availability and quality of the raw data used to develop the appropriate indicators it requires. The reliability of the model's final site selection rankings will also depend on the rigor of the audit risk assessment. It may be beneficial to add a second filter to the risk assessment matrix to further refine the process. Some will argue, however, that additional refinement comes at a cost of increased bias. Although this model was applied to an operational audit environment, it could also be applied to a performance assessment context or perhaps even an enterprise-level risk management process by providing a more robust and objective (third party) quantification of a risk mapping exercise.

For additional information, contact the authors at *Dany.Julien@cra-arc.gc.ca* and *Sacha.Sabih@cra-arc.gc.ca*.

Spotlight on ISSAIs

by Nanna Schnipper, Professional Standards Committee Secretariat

Exposure Drafts of New ISSAIs

Since 2011, the ISSAI Harmonization Project Group has been working under the Steering Committee of the Professional Standards Committee (PSC) to revise the fundamental auditing principles that comprise level 3 of the ISSAI framework (ISSAIs 100, 200, 300, and 400). The project group's overall aim is to provide a conceptual basis for public sector auditing and ensure consistency in the framework.

The project group has now finalized two of the four revised ISSAIs—ISSAI 100: *Fundamental Principles of Public Sector Auditing* and ISSAI 300: *Fundamental Principles of Performance Audits*. They have been posted for comment on the ISSAI website (*http://www.issai.org*). The two remaining ISSAIs—ISSAI 200: *Fundamental Principles of Financial Audits* and ISSAI 400: *Fundamental Principles of Compliance Audits*—will be posted in the near future. The exposure period for all four documents will last until February 15, 2013.

The revised ISSAI 100 gives an updated definition of public sector auditing and provides the basic concepts and principles for public sector auditing, thus covering the common principles shared by financial, performance, and compliance auditing.

The revised ISSAI 300 presents the framework for performance auditing and the general principles for performance audit engagement that auditors should consider prior to and throughout the audit process. ISSAI 300 also contains principles related to the audit process itself. All principles are followed by explanatory text.

The revisions of ISSAIs 200 and 400 will mirror ISSAI 300 in describing general principles regarding financial and compliance auditing.

The PSC encourages all INTOSAI members to comment on the exposed ISSAIs. Since the ISSAIs will provide the basis for describing public sector auditing, they should reflect the perspectives of all members of the INTOSAI family.

More information on ISSAI 100 can be found in the article "INTOSAI's New Fundamental Auditing Principles," on in this issue of the *Journal*. More information on the harmonization project is available on the PSC website: *http://www.psc-intosai.org.*

We look forward to your comments on the ISSAIs!

INTOSAI-
Donor Cooperation
Update

Development of a Measurement Framework to Enhance the Performance of Supreme Audit Institutions

by the INTOSAI-Donor Cooperation Secretariat

In response to a decision at the XX INCOSAI in 2010, the Working Group on the Value and Benefits of SAIs is developing an SAI Performance Measurement Framework (SAI PMF).

The SAI PMF will be a tool SAIs can use to enhance their performance and monitor development over time. It is designed to provide a structured and consistent approach to assessing SAIs and can be used for self-assessments, INTOSAI peer reviews, or external assessments. Use of the SAI PMF will be voluntary, and each SAI will decide how it will use the tool and disseminate the results.

The SAI PMF will help SAIs to get an objective, high-level assessment of their performance against established INTOSAI good practice (ISSAIs, the Framework on the Value and Benefits of SAIs, and guidance material from the INTOSAI community).

A task team has been established to develop and test the SAI PMF. It has members from eight SAIs, two INTOSAI regional secretariats, the INTOSAI Development Initiative (IDI), and the Inter-American Development Bank. The task team met in May 2012 to discuss a detailed draft of the SAI PMF. A reference group with a wide range of stakeholders will provide input at key stages, including quality assurance. At its 5th meeting in Mexico City June 11–13, 2012, the Working Group on the Value and Benefits of SAIs endorsed the main contents of the concept the project has developed and the next steps in the development of the SAI PMF. Under the Johannesburg Accords, the aim is to table the SAI PMF at the XXI INCOSAI in Beijing, China, in 2013. The working group has expressed satisfaction with the progress made to date on this challenging task.
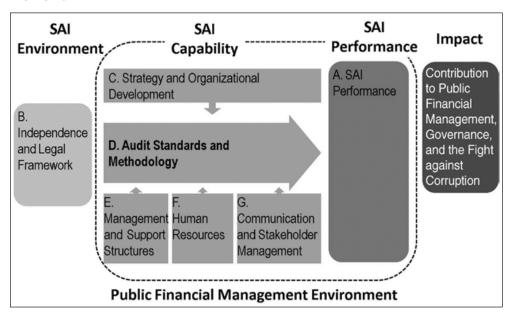
Content of the SAI Performance Measurement Framework

The SAI PMF consists of a set of measurable indicators and guidance for a qualitative performance analysis. (See the proposed structure of the SAI PMF in figure 1.) As a first step, performance is measured by indicators in seven domains. Subsequently, linkages between the domains, issues not covered by the indicators, and external

factors (like country context and political economy) are analyzed in a narrative performance report to provide an overall picture of the SAI's performance. As shown in figure 1, the seven performance domains are

A. SAI performance (audit results and annual reporting),

B. independence and legal framework,

C. strategy and organizational development,

D. audit standards and methodology,

E. management and support structures,

F. human resources, and

G. communication and stakeholder management.

Figure 1: The Proposed Structure of the SAI Performance Management Framework

The SAI PMF will allow for measuring progress in an SAI over time, as the intention is to have objective and clearly defined indicators. Repeat assessments may be a valuable source of information on whether initiatives to improve organizational performance have had the desired effect. Consistent with the ideas and mandate of the Working Group on the Value and Benefits of SAIs, the SAI PMF is designed to assess an SAI's impact on society and public financial management—in other words, its value and benefits. It does this by looking at the changes specific audit reports have led to and the SAI's contributions to stronger public financial management and good governance. It also analyzes the way in which the wider environment constrains or supports the impact of the SAI's work.

The framework also envisages an analysis of those factors outside the SAI's direct control that are nevertheless critical to the SAI's contribution to society (for example, the SAI's legal framework and independence). This approach will help the SAI identify

which areas need strengthening and where it should target its improvement efforts. For example, an assessment may show that while an SAI's audit operations are to a great extent conducted in accordance with good practice, its independence from the executive is limited, thus reducing the impact of the SAI's audits. In such a case, the SAI may choose to prioritize efforts toward enhancing its independence over improving its audit standards and methodology.

Next Steps in Developing the SAI Performance Measurement Framework

The next steps in developing the framework are to carry out two waves of pilots in SAIs around the world and to obtain input from all stakeholders. The first round of SAI PMF pilots has already started in several SAIs and will provide important feedback for the development and further improvement of the framework. A second wave of pilots, starting in the first quarter of 2013, will allow the framework to be tested in SAIs representing different models and stages of development around the world. SAIs interested in taking part in the second wave of pilots are invited to contact IDI at *intosai.donor.secretariat@idi.no*. A draft SAI PMF will be made available for initial exposure to INTOSAI around November 2012.

Further information on the SAI PMF is available at *http://idi.no/artikkel.aspx?MId1=102&AId=704*.

Professional Standards Committee

The auditor general of Denmark, Lone Strøm, appointed assistant auditor general Bettina Jakobsen to be the new chair of the steering committee of the Professional Standards Committee (PSC), effective May 15, 2012. Ms Jakobsen has an excellent track record in international collaboration and has very competently chaired several PSC steering committee meetings in the past.

For additional information, contact the PSC at *psc@rigsrevisionen.dk*.

Bettina Jakobsen

Working Group on Environmental Auditing

World Congress on Justice, Governance and Law and the Rio+20 Conference

In accordance with its work plan for 2011–2013, the Working Group on Environmental Auditing (WGEA) contributed to the United Nations Rio+20 conference held in Rio de Janeiro, Brazil, June 20–22, 2012. Before the conference, the SAIs of Brazil and Canada prepared a special topical report summarizing the main findings and conclusions of SAIs around the world on factors inhibiting effective progress towards sustainable development. (The report is available on the website of the WGEA.) This document provided the basis for the WGEA's attendance at Rio+20 to represent INTOSAI and the messages of the audit community.

Prior to Rio+20, on June 17–20, the WGEA also contributed to the World Congress on Justice, Governance and Law for Environmental Sustainability organized by the United Nations Environment Programme. Together with chief judges, attorneys-general, public prosecutors, and legal practitioners, auditors general from more than 20 SAIs and the WGEA Secretariat participated in discussions and efforts to prepare the Rio+20 Declaration on Justice, Governance and Law for Environmental Sustainability presented to the heads of the Rio+20 conference. Terence Nombembe, Chairman of the INTOSAI Governing Board, delivered a keynote speech on behalf of the SAI community at the opening of the congress.

At the main Rio+20 conference, the WGEA organized a side event, "Environmental Auditing for Better Environmental Governance," on June 21 in the official conference venue. The SAIs of Brazil, Canada, and Zambia cooperated with the WGEA Secretariat to introduce the WGEA's Rio+20 report and the environmental audit practices of their respective offices. The side event attracted interest and sparked lively discussions over the role of audit offices in the global environmental governance framework.

For additional information about the Rio+20 conference, see *http://www.uncsd2012.org*. For additional information about the congress, see *http://www.unep.org/DELC/worldcongress*.

Upcoming WGEA Meetings

The 12th meeting of the WGEA Steering Committee will take place in Jaipur, India, October 3–6, 2012. The Steering Committee will then review and approve progress on the 2011–2013 work plan projects and start compiling the next work plan for 2014–2016.

The 15th WGEA Assembly will be held in Tallinn, Estonia, in June 2013. The assembly will approve all the completed projects as well as the next work plan for 2014–2016. Participating SAIs can expect interesting tutorials on the completed guidelines and research projects and will have the opportunity to sign up to be on teams for the new work plan projects. Following the assembly, the process of transferring the chairmanship of the WGEA from the SAI of Estonia to the proposed successor, the SAI of Indonesia, will begin.

For additional information, contact the WGEA Secretariat at *info@wgea.org*. See also the WGEA website at *www.environmental-auditing.org*.

Working Group on Program Evaluation

The third meeting of the Working Group on Program Evaluation was held in Paris on June 25, 2012. The meeting was chaired by Jean-Raphael Alventosa, Director of the French SAI's International Relations Department. Attendees included representatives of 11 SAIs from Europe, Africa, Asia, and America (10 member SAIs and one guest SAI).

Didier Migaud, First President of the French Cour des Comptes, opened the meeting, and Arnold Migus summarized the analysis of the responses to the questionnaire on methods and practices for evaluating public policy that the French SAI had sent out to all INTOSAI members in 2011. The questionnaire included key questions in five areas (identification of SAI activity, planning for program evaluation, conducting program evaluation, developing organizational capacity for program evaluation, and SAI cooperation on program evaluation).

The French SAI then presented its preliminary conclusions after the 2-year experimental phase for the first evaluations the Cour des Comptes conducted in 2011 and 2012 using a new methodology. The French SAI was able to use a wide variety of methods during these investigations because it was required to follow only relatively general international evaluation standards.

The next session was dedicated to the following topics:

■ reflections on audits completed in France during the past 2 years (taking into account the example of the biofuels audit);

■ discussions by the Swiss SAI on the difficulty of making a clear distinction between performance audit and evaluation;

■   Brazil's annual program of specifically targeted evaluations; and

■   the U.S. Government Accountability Office's publication, *Designing Evaluations: 2012 Revision,* as an example of methodologies and best practices (see *http://www. gao.gov/assets/590/588146.pdf*).

The meeting's central issue related to defining evaluation, as opposed to SAIs' usual mission of compliance, performance, and financial auditing. Because no standard international definition of evaluation currently exists, the group worked on elaborating the characteristics of evaluation as carried out by SAIs. The group recognized the need to first develop a methodological approach and an appropriate communications strategy. After this starting point, the next step will be to draw up a draft practical guide on public policy evaluation methods, including, at the very least, a definition of performance evaluation distinct from that of performance audit, based on the members' increased experience.

This course of action was proposed at the fourth steering committee meeting of the Knowledge Sharing Committee in Luxemburg on September 25 and 26 and will also be presented at INTOSAI's 63rd Governing Board meeting in Chengdu, China, in November 2012. The next working group meeting will take place in June 2013 in France or one of the group's other member countries.

For additional information, contact the working group at *program-evaluation@ ccomptes.fr*. See also its website at *http://www.program-evaluation.ccomptes.fr/*.

Working Group on Accountability for and Audit of Disaster-related Aid

The Working Group on Accountability for and Audit of Disaster-related Aid has prepared five draft ISSAIs. The ISSAIs contain information, advice, and examples of best practice across the disaster management cycle and on key issues, such as the risk of fraud and corruption and the use of geospatial information as an audit tool. The draft ISSAIs will be available on the ISSAI website (*www.issai.org*) for review and comment by the INTOSAI community and other interested parties from October 1, 2012, until December 31, 2012.

The working group is also developing good practice in the area of accountability for disaster-related and humanitarian aid. At the beginning of 2013, it will present a draft INTOSAI GOV on its proposed Integrated Financial Accountability Framework (IFAF), a simple and transparent format for reporting humanitarian aid. The INTOSAI GOV will be available for review and comment in early 2013.

The chair of the working group, Gijs de Vries, will present the five ISSAIs and the INTOSAI GOV to the XXI INCOSAI in 2013 for endorsement.

The draft ISSAIs available for comment are as follows:

ISSAI	Title
5500	*Introduction to Guidance for Audit Work on Disaster-related Aid*
5510	*Audit of disaster preparedness: Guidance for Supreme Audit Institutions*
5520	*Audit of disaster-related aid: Guidance for Supreme Audit Institutions*
5530	*Adapting audit procedures to take account of the increased risk of fraud and corruption in the emergency phase following a disaster*
5540	*Use of geospatial information in auditing disaster management and disaster-related aid*

For more information on the working group, please contact the secretariat at the European Court of Auditors: *torielle.perreur@eca.europa.eu* or consult the website: *http://eca.europa.eu/portal/page/portal/intosai-aada/home*.

Working Group on the Value and Benefits of Supreme Audit Institutions

In the July 2012 issue of this *Journal*, the *Thoughts from the Chairman of the Board* column, entitled "Making a Difference in the Lives of Citizens," refers to the 5th meeting of the Working Group on the Value and Benefits of SAIs (WGVBS) that took place June 11–13, 2012, in Mexico City, Mexico. The meeting was hosted by the Auditor General of the Supreme Audit Office of Mexico and was attended by 30 representatives of INTOSAI and other international stakeholders relevant to the work of the WGVBS.

During the meeting, the working group discussed its progress on its work plan for 2011–2013, as approved at the WGVBS August 2011 meeting, leading up to the XXI INCOSAI in China. Each of the four project groups presented a draft of the project deliverable, and participants had the opportunity to comment. Following each presentation and discussion, the participants agreed on the next steps for each project. This created a solid foundation for the additional work that remains to be done to strengthen the products delivered up to now.

In the near future, the working group will expose its draft deliverables to the INTOSAI community for comment. The deliverables and planned exposure periods per project are as follows:

Exposure draft	Planned exposure period
Project 1: An ISSAI for final endorsement by INCOSAI Draft *ISSAI X: The Value and Benefits of Supreme Audit Institutions—Making a Difference to the Lives of Citizens, based on the Framework for Communicating and Promoting the Value and Benefits of SAIs* considered at the XX INCOSAI in 2010.	September 2012–January 2013
Project 2: A single, global performance measurement framework for SAIs Initial draft of the *Performance Measurement Framework for Supreme Audit Institutions* (SAI PMF).	February–April 2013
Project 3: A guideline for communicating and promoting the value and benefits of SAIs and interacting with citizens INTOSAI draft guideline: *Communicating and Promoting the Value and Benefits of SAIs and Interacting with Citizens*	November 2012–February 2013
Project 4: A guideline on effective practices of cooperation between SAIs, the legislature, the judiciary, and the executive A draft guideline on *Effective Practices of Cooperation between SAIs, the Legislature, the Judiciary, and the Executive* that lead to the implementation of audit recommendations and administrative or corrective sanctions being imposed	November 2012–March 2013

The working group is calling on the INTOSAI community to show its commitment to making a difference in the lives of citizens by fully participating in the consultation process and thereby contributing toward products of high quality and value for future generations.

Participants in the June 2012 meeting of the Working Group on the Value and Benefits of SAIs held in Mexico.

The working group's next meeting, and its last meeting before the XXI INCOSAI in China, is planned for July 3–5, 2013, and will be hosted by the SAI of Peru. During this meeting, the working group will consider and, if appropriate, approve the final products that will be presented to the INTOSAI community.

For additional information, contact the SAI of South Africa:

E-mail: *lelaniev@agsa.co.za; agsa@agsa.co.za;*
Website: *www.intosai-wgvbs.org*.

Meeting of Subcommittee 1 of the Capacity Building Committee

In June 2012, the Board of Audit of Japan hosted a highly successful meeting of subcommittee 1 (promote increased capacity building activities among INTOSAI members) of the INTOSAI Capacity Building Committee (CBC). Attendance by representatives of the INTOSAI regions increased, with all regions sending delegates and making presentations. Overall, some 40 representatives participated—more than half being from countries who are beneficiaries of external capacity development support.

The subcommittee also received briefings from the INTOSAI Development Initiative (IDI) on developments with the performance measurement framework, the rollout of the ISSAIs, and the work of the INTOSAI-Donor Steering Committee.

The following key areas were discussed at the meeting:

■ Efforts to translate the series of CBC guides into as many languages as possible are ongoing, with China being the latest SAI to volunteer to translate the series.

■ The following new CBC guides are being finalized:

○ *Human Resource Management: A Guide for SAIs* and

○ *Implementing the ISSAIs; Strategic Considerations*.

■ CAROSAI, PASAI, and the U.K. National Audit Office are developing a new guide, *Business Continuity Management*, to help SAIs prepare for and manage emergencies.

■ IDI is managing, and the U.K. Department for International Development is funding, a regional program of master classes on implementing the CBC guides. Discussions are under way with each region to identify the timing for these 2-day regional workshops.

■ AFROSAI-E volunteered to collate advice from the meeting and disseminate best practices in building regional support across the regions.

■ Ways to deliver cost-effective training are being explored, including better use of mixed delivery modes such as e-learning and face-to-face classes.

In addition, the meeting discussed several issues for the CBC Steering Committee to take forward. These include how to increase the supply of capacity-building advice and training and how to ensure that the rollout efforts to implement the ISSAIs are appropriately coordinated.

Much still needs to be done before the INTOSAI Congress in Beijing in 2013. If the good will and energy reflected in Tokyo is any guide, the Subcommittee is on target to deliver its work plan and make a substantial contribution to INTOSAI's capacity-building activities.

For additional information, contact the subcommittee at *martin.sinclair@nao.gsi.gov.uk*. See also the CBC website: *http://cbc.courdescomptes.ma*.

EUROSAI Governing Board Meeting

The XXXIX Governing Board meeting of EUROSAI was held on May 28, 2012 in Ankara, Turkey. Attendees included all board members (Belgium, the European Court of Auditors, Poland, Portugal, Spain, the Netherlands, Turkey, and Ukraine) and observers (Austria, Hungary, Norway, the Russian Federation, and the United Kingdom), as well as four guest countries (the Czech Republic, France, Germany, and Switzerland).

During the meeting, participants discussed issues regarding strengthening external audit and SAIs, implementing the EUROSAI strategic plan, and cooperation between EUROSAI members. The SAIs of the Russian Federation and Poland were elected as EUROSAI's representatives to the INTOSAI Governing Board for the term 2013–2019.

Participants in the May 2012 EUROSAI Governing Board meeting in Turkey.

For additional information, contact the EUROSAI General Secretariat at *eurosai@tcu.es*.

Capacity Development in OLACEFS

In October 2011, five new regional courses were introduced to the participants at the OLACEFS General Assembly held in Caracas, Venezuela. The courses covered forensic auditing, budget auditing, financial tools to fight corruption, systems quality management auditing, and informatics working papers for control. The courses were developed by the technical staff of the Office of the Comptroller General of Ecuador, the current OLACEFS president, and address issues that had not been dealt with previously in the region.

In the first semester of 2012, the forensic auditing course was delivered to auditors across the region in person and by e-learning. This first course provided an opportunity to test the technical content of the course and identify areas for ongoing updates and improvement.
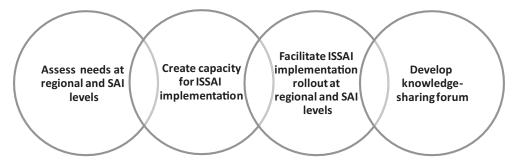
During the second semester of this year, the OLACEFS Regional Capacity Building Committee scheduled the four remaining courses to be held in Quito, Ecuador, in sub-site mode. The courses will be delivered by trainers from the Office of the Comptroller General of Ecuador and officials from the 22 OLACEFS member states will participate.

For additional information, contact OLACEFS at *coordinacion@contraloria.gob.ec*.

IDI ISSAI Implementation Program

The XX INCOSAI in 2010 adopted a comprehensive set of International Standards of Supreme Audit Institutions (ISSAI). The scope and complexity of these new standards present a particular challenge to the numerous SAIs in developing countries that face considerable resource, capacity, and skill constraints. In 2012, IDI launched the pilot ISSAI Implementation Program. The program will run from 2012 until 2014 and is financed by the World Bank. To secure the necessary expertise for the program, IDI has partnered with the Professional Standards and the Capacity Building Committees and their subcommittees, the INTOSAI regions, and other professional bodies. The main focus will be on implementation of the ISSAIs at levels 2 and 4 of the framework, with emphasis on the level 4 ISSAIs on financial, compliance, and performance audit. The program activities for the five English-speaking regions (AFROSAI-E, ASOSAI, CAROSAI, EUROSAI, and PASAI) began in 2012, while activities for OLACEFS, CREFIAF, and ARABOSAI will begin in 2013.

Supporting ISSAI implementation will be a long-term process that entails development of institutional, organizational, and professional SAI staff capacity. The program will employ a four-fold strategy for supporting ISSAI implementation at the global, regional, and SAI levels:

Assess needs at regional and SAI levels — Create capacity for ISSAI implementation — Facilitate ISSAI implementation rollout at regional and SAI levels — Develop knowledge-sharing forum

Before deciding on implementation interventions, it is necessary to understand the existing level of ISSAI compliance. Three teams of resource persons therefore gathered for 3 weeks in July and August 2012 to develop the ISSAI Compliance Assessment Tools (iCAT) for financial, compliance, and performance audits. In addition to the iCATs, ISSAI-based audit manuals and model files for financial, compliance, and performance audit will be developed as part of the program and be used to create a certified pool of ISSAI facilitators through an ISSAI Certification Program.

The online participant selection process for the ISSAI Certification Program took place in September 2012. The ISSAI Certification e-Learning Program will begin in October. Its aim is to train at least 180 English-speaking ISSAI Facilitators in the iCATs and the ISSAIs. The participants will also attend a face-to-face Facilitation Skills Workshop before being certified as ISSAI facilitators.

After assessing needs and creating capacity for ISSAI implementation at the global and regional levels, the program will focus on the SAI level. Based on the readiness and commitment of the SAIs, support will be provided to implement level 4 ISSAIs in at least 30 SAIs in the English-speaking regions.

IDI UPDATE

IDI Update keeps you informed of developments in the work and programs of the INTOSAI Development Initiative. To find out more about IDI and to keep up to date between editions of the *Journal*, look at the IDI Web site: *www.idi.no*.

Participants in the product development meeting of the ISSAI Implementation Program held in Norway in July and August 2012.

IDI/CREFIAF Seminar on Developing Funding Proposals

In 2011, the INTOSAI-Donor Cooperation issued a global call for proposals for SAI capacity development initiatives in need of additional support across the INTOSAI community. The objective was to give all SAIs in developing countries, as well as INTOSAI regional bodies and committees, the opportunity to articulate their development needs and make proposals to the donor community and SAI providers of support. One of the lessons learned from this call for proposals was the need to strengthen SAI abilities, skills, and capacity to write sound funding applications. This appears to be of particular importance in INTOSAI regions and subregions where SAIs traditionally have little experience in applying for external support.

Based on this experience and a specific request from the Regional Training and Development Council of SAIs of Francophone sub-Saharan Africa (CREFIAF), IDI arranged a seminar on developing funding proposals in CREFIAF. The seminar, with attendees from 19 CREFIAF SAIs, was held on July 20–21, 2012, in connection with the CREFIAF General Assembly. The seminar was designed to equip professional SAI personnel to identify key institutional challenges and opportunities in their specific country contexts, draw operational conclusions to design capacity-building strategies, and develop clear project proposals based on these strategies. The seminar discussed development of diagnostic and action planning skills, identification of key problems by SAIs, design of projects to address the identified problems, performance indicators, sources of verification, and budgets. The materials for the seminar can be used for similar events in other regions according to demand.

For additional information, contact the INTOSAI-Donor Secretariat at *intosai.donor. secretariat@idi.no* or the CREFIAF Secretariat at *alfred.enoh@crefiaf.org*.

AFROSAI-E IT Audit Program

IDI will assist AFROSAI-E in developing capacity in the field of IT audit and has therefore recently launched a new program for 12 SAIs in the region. The main objective of this program is to train SAI staff to conduct IT audits as an integral part of their audit functions. A design meeting was held in July 2012 to prepare for the IT Audit Workshop, which was conducted in September. Following this workshop, the teams from the participating SAIs are expected to implement their new skills and knowledge by conducting pilot audits, with assistance from IT audit experts. The Working Group on IT Audit (WGITA) is the cooperation partner in this program and has helped develop the IT audit guidelines. The IT audit guidelines, revised based on experiences from the audits, will be made available to the region as well as other INTOSAI regions through a generic IT audit handbook.

IDI/AFROSAI-E Management Development Program Rollout at the SAI Level

In 2009, IDI and AFROSAI-E launched a regional Management Development Program to enhance leadership and managerial capacities in the English-speaking SAIs of Africa. After conducting several regional workshops targeting different levels of management, the SAI-level rollout was initiated in 2012. Two parallel workshops for senior and operational managers from the audit and corporate departments were held in each of the five SAIs selected for rollout in 2012—namely Botswana, Lesotho, Namibia, Tanzania, and Zimbabwe.

IDI Strategic Planning Programs in ASOSAI, CREFIAF, and OLACEFS

Strategic planning programs were initiated in ASOSAI, CREFIAF, and OLACEFS in 2011 and are all progressing according to plan.

In ASOSAI, the seven participating SAIs gathered for the Strategic Planning Workshop in September 2012. Following this workshop, each SAI is developing a draft strategic plan for its respective institution that will later be presented for expert and peer review at the Review Meeting and Operational Planning Workshop in December 2012.

In CREFIAF, the SAIs taking part in the first round of the program convened for the Review Meeting and Operational Planning Workshop in August/September 2012, while the second round of SAIs reconvened for the Needs Assessment Review Meeting and Strategic Planning Workshops. The first group is now ready to develop the first operational plan, while the second group will return to their SAIs to prepare draft strategic plans.

In OLACEFS, the participating SAIs are developing their draft strategic plans. In August 2012, the instructor team convened to design and prepare for the Review Meeting and Operational Planning Workshop that will be held in October 2012.

Knowledge Sharing e-Learning Course on the Risk-based Approach to Financial Auditing

IDI has earlier conducted two rounds of the Program on Risk-based Approach to Financial Audit in cooperation with CAROSAI. In view of the relevance of the subject to several SAIs across INTOSAI, IDI has developed an e-learning course based on the IDI/CAROSAI Guide on Risk Based Approach to Financial Audit and aligned to the relevant ISSAIs and other international standards. In April-May 2012, 101 participants from 28 SAIs took part in this 5-week e-learning course. A review meeting will be held in October 2012 to prepare for the second round of the program, which will be launched in November 2012.
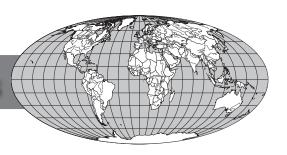
Contacting IDI

To discuss any of the issues raised in this edition of the IDI Update, contact IDI:

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INTOSAI 2012/2013 Events

October

1 PASAI Governing Board meeting, Noumea, New Caledonia

1-4 Meeting of the Working Group on the Fight against Corruption and Money Laundering, Sopot, Poland

2-5 PASAI Conference, Noumea, New Caledonia

3–6 Meeting of the Steering Committee of INTOSAI Working Group on Environmental Auditing, Jaipur, India

16 Finance and Administration Committee Meeting, London, United Kingdom

17-19 INTOSAI-Donor Steering Committee Meeting, London, United Kingdom

November

4-11 OLACEFS General Assembly, Brazil

20-21 63rd INTOSAI Governing Board meeting, Chengdu, China

December

January

14–15 Meeting of the Finance and Administration Committee Task Force on INTOSAI Financial Foresight, Copenhagen, Denmark

February

March

5–7 United Nations/INTOSAI Symposium, Vienna, Austria

April

May

June

3–7 Working Group on Environmental Auditing Assembly, Tallinn, Estonia

18–19 Steering Committee meeting, Professional Standards Committee, Stockholm, Sweden

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 cannot be included. For additional information, contact the Secretary General of each regional working group.