

INTOSAI



JOURNAL

INTERNATIONAL
of GOVERNMENT AUDITING



April 2013



Board of Editors

Josef Moser, *President, Rechnungshof, Austria*
 Michael Ferguson, *Auditor General, Canada*
 Abdelkader Zgouli, *First President, Cour des Comptes, Tunisia*
 Gene Dodaro, *Comptroller General, United States of America*
 Adelina González, *Acting Comptroller General, Venezuela*

President

Helen H. Hsing (*U.S.A.*)

Editor

Muriel Forster (*U.S.A.*)

Assistant Editors

Linda J. Sellevaag (*U.S.A.*)
 Melanie Papasian (*U.S.A.*)
 Sally Williamson (*U.S.A.*)

Associate Editors

Office of the Auditor General (*Canada*)
 Jagbans Singh (*ASOSAI-India*)
 Patrick Zacchini (*PASAI, Yap, Micronesia*)
 CAROSAI Secretariat (*St. Lucia*)
 EUROSAI General Secretariat (*Spain*)
 Khemais Hosni (*Tunisia*)
 Basilio Jauregui (*Venezuela*)
 INTOSAI General Secretariat (*Austria*)
 U.S. Government Accountability Office (*U.S.A.*)

Administration

Sebrina Chase (*U.S.A.*)
 Paul Miller (*U.S.A.*)

Members of the Governing Board of INTOSAI

Terence Nombembe, *Auditor-General, Office of the Auditor-General, South Africa*
 Liu Jiayi, *Auditor General, National Audit Office, People's Republic of China*
 Osama Jafar Faqeeh, *President, General Auditing Bureau, Saudi Arabia*
 Josef Moser, *President, Rechnungshof, Austria, Secretary General*
 Terrance Bastian, *Auditor General, Department of the Auditor General, Bahamas*
 M. Moussa Kone, *President, Chambre des Comptes, Côte d'Ivoire*
 Carlos Ramón Pólit Faggioni, *Contraloría General del Estado, Ecuador*
 László Domokos, *President, Allami Számvevőszék, Hungary*
 Vinod Rai, *Comptroller and Auditor General, Office of the Comptroller and Auditor General, India*
 Ibrahim Hamad Balkir, *President, Audit Bureau, Libya*
 Juan Manuel Portal Martínez, *Auditor General, Auditoría Superior de la Federación, Mexico*
 Lyn Provost, *Controller and Auditor-General, Office of the Controller and Auditor-General, New Zealand*
 Jørgen Kosmo, *Auditor General, Riksrevisjonen, Norway*
 Muhammad Akhtar Buland Rana, *Auditor-General, Office of the Auditor-General, Pakistan*
 Sergey Vadimovich Stepashin, *Chairman, Accounts Chamber, Russian Federation*
 Amyas Morse, *Comptroller and Auditor General, National Audit Office, United Kingdom*
 Gene Dodaro, *Comptroller General, Government Accountability Office, United States of America*
 Adelina González, *Acting Comptroller General, Contraloría General de la República, Venezuela*

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

The editors invite submissions of articles, special reports, and news items, which should be sent to the editorial offices at:

U.S. Government Accountability Office
 441 G Street, NW, Room 7814
 Washington, D.C. 20548
 U.S.A.

(phone: 202-512-4707; fax: 202-512-4021;
 e-mail: intosaijournal@gao.gov)

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

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

Articles in the *Journal* are indexed in the Accountants' Index published by the American Institute of Certified Public Accountants and included in Management Contents. Selected articles are included in abstracts published by Anbar Management Services, Wembley, England, and University Microfilms International, Ann Arbor, Michigan, U.S.A.

contents

Editorial	1
Thoughts from the Chairman of the Board	6
News in Brief	8
An Overview of the Cour des Comptes of France	15
News Portal of the Hungarian SAI	19
Auditing Performance Information	24
INTOSAI-Donor Cooperation Update	28
Inside INTOSAI	31
IDI Update	43
INTOSAI Calendar	45



XXI INCOSAI: Building Consensus to Overcome Challenges

by Liu Jiayi, Auditor General of China and First Vice-Chairman of the INTOSAI Governing Board

The XXI INCOSAI—to be held in Beijing, China, October 22–27, 2013—will be a significant moment in INTOSAI’s history. Leaders and representatives of SAIs from around the world will gather to celebrate INTOSAI’s 60th anniversary. Since its founding in 1953, INTOSAI has stood the test of time. It has grown and, through our joint efforts, produced splendid results. At the XXI INCOSAI, we will review INTOSAI’s accomplishments and experiences and plan its mission, goals, and vision for the future.

INTOSAI faces both opportunities and challenges as it sets out on this new phase of its journey. While adhering to its motto—*Mutual Experience Benefits All*— it will reaffirm its core values of independence, integrity, professionalism, credibility, inclusiveness, cooperation, and innovation. It will unite all members in working toward consensus on innovations in and development of national auditing and open up bright prospects for mutually beneficial relationships among INTOSAI, its members, and its stakeholders. This will be the common aspiration of public sector auditors from across the globe at the XXI INCOSAI.

Looking to the Past

INTOSAI’s growth coincides with the shared endeavor of auditors from member SAIs to promote sustained economic, social, and environmental development and contribute to good governance. Looking at the evolution of INTOSAI, we see a magnificent history featuring the common development of SAIs based on effective sharing of knowledge and experience and fruitful cooperation and exchanges.

Editorial

INTOSAI has seen its membership grow from 34 in 1953 to the current 191, becoming an international organization second in size only to the United Nations (UN). Through equal participation and the concerted efforts of former and current Governing Board chairs, the General Secretariat, and member SAIs, INTOSAI achievements have included the following:

- adopting a series of key documents to elaborate fundamental principles and concepts of national auditing, including the *Lima Declaration of Guidelines on Auditing Precepts* and the *Mexico Declaration on SAI Independence*;
- developing and endorsing the International Standards of Supreme Audit Institutions (ISSAI) and INTOSAI Guidance for Good Governance (INTOSAI Gov);
- signing a memorandum of understanding with international donors and development assistance institutions to promote SAI capacity building; and
- establishing committees, subcommittees, working groups, and task forces under INTOSAI's four strategic goals to carry out research, cooperation, and exchanges on topics of common concern.

As a renowned model international organization, INTOSAI has brought SAIs into a large family, surmounting differences of belief, race, and region and eclipsing the impact of turbulence, conflict, and war with equality, cooperation, sharing, and mutual benefit as its eternal themes.

The XXI INCOSAI will be a grand festival for all SAIs to review our history, plan for the future, and enjoy our unity. To mark this special event and celebrate INTOSAI's 60th anniversary, the congress will organize a series of activities, including a festive ceremony, the issuance of two commemorative stamps, and a special publication commemorating INTOSAI's 60th anniversary and the 50th anniversary of the INTOSAI General Secretariat at the Austrian Court of Audit.

Working toward Consensus

Over the past 60 years, SAIs have experienced ongoing development under INTOSAI's umbrella by enhancing exchanges, deepening understanding, and forging consensus. These areas of emphasis—reflected or affirmed in a series of INTOSAI strategic plans, standards, and declarations—have been widely recognized as important milestones in INTOSAI's history and have become the driving force for ongoing innovations and development in national auditing in the world arena.

SAIs are devoted to promoting good governance by enhancing accountability and transparency in public finance and administration, facilitating the establishment and continuous improvement of oversight and regulatory mechanisms, and making a difference in the lives of citizens. In INTOSAI, we firmly believe that national audit has a role to play in achieving national and international development goals and priorities, including the UN Millennium Development Goals. INTOSAI has repeatedly affirmed its commitment to ensuring the independence of SAIs,

implementing the ISSAI framework, strengthening SAI capacity building, demonstrating the value and benefits of SAIs, furthering the fight against corruption, and enhancing INTOSAI communications. We are proud to note that the main principles of the Lima and Mexico declarations have been recognized by a resolution of the UN General Assembly and that stakeholders are increasingly acknowledging the important role of SAIs in promoting efficiency, accountability, effectiveness, and transparency in public administration.

As INTOSAI celebrates its 60th anniversary in China, the world in which we live is undergoing profound changes. Along with the spread of the global financial crisis, the subprime mortgage crisis, and the euro-zone sovereign debt crisis, the mechanisms of global economic governance are going through transformative changes. Thus, it is necessary for an international economic system and a global economic governance system to take shape in a manner more conducive to both fairness and efficiency. The external environment for national audit has new challenges and opportunities and the scope and definition of national auditing has been increasingly enriched and expanded. Consequently, INTOSAI needs to address new topics, such as

- identifying the nature and core targets of auditing in the current situation,
- understanding the requirements for development in the context of globalization, and
- ensuring efficient and effective institutional development and operations and attaining relevant objectives.

Within this context, the important mission of the XXI INCOSAI is to address these challenges and work towards consensus. The two technical themes of the congress are highly relevant and urgent in the current international situation and across national boundaries: national audit and national governance (theme I) and the role of supreme audit institutions in safeguarding the long-term sustainability of finance policies (theme II). Both themes resonate among SAIs. To date, 60 SAIs have submitted country papers for theme I and 48 SAIs have submitted papers for theme II, laying a solid foundation for discussions to reach common understanding at the congress.

During the XXI INCOSAI, we will ensure equal participation of all SAIs, work toward consensus through consultation, pursue development by cooperation, and promote the convergence of the interests of all countries. Following the principles of talking and consulting, seeking common ground while reserving differences, and being inclusive and open, we aim to (1) disseminate and share more broadly our experiences of concepts of national audit and governance and (2) promote benchmarks, best practice, and guidance for national audit among SAIs. A series of newly issued or amended standards and guidelines will be adopted at the congress, and various INTOSAI committees and working groups will be able to demonstrate their products and experience through the exhibits and other facilities provided by the host.

A proposed *Beijing Declaration* is to be the single final congress document produced at the XXI INCOSAI. Like the products of earlier congresses, it will aim to be open-minded and inclusive and embrace significant thoughts, views, and practices conducive

to the development of INTOSAI and its member SAIs in order to build a new consensus among INTOSAI members. Centering on the role of auditing in promoting good governance, the *Beijing Declaration* will summarize the historic achievements and fundamental experience of the past 60 years as well as the results of the two technical themes. It will also communicate the work results, missions, core values, and vision of SAIs and explore the ways in which INTOSAI is seeking to become a model international organization promoting global governance. Furthermore, it will reaffirm the significance of adopting and implementing strategic planning to confirm INTOSAI's vision and core values in this new era of historic development; highlight the importance of the sharing of experience, capacity building, and the donor cooperation initiative; and present the product of INTOSAI's Working Group on the Value and Benefits of SAIs, along with other results.

Planning for the Future

Throughout its 60-year history, INTOSAI has learned the importance of enhancing international cooperation, promoting common development and pursuing mutual benefits and results. SAIs around the world also increasingly applying this lesson as a key to achieving common progress and prosperity.

However, we must recognize that the levels of development in SAIs are uneven and there is a keen demand for capacity building. SAIs face the arduous task of contributing to national governance and the better allocation of resources, enhancing capacity building, and living up to stakeholders' expectations. Moreover, INTOSAI as an organization is also facing the heavy task of promoting global governance, coping with emerging issues, and increasing the credibility of national audit. We believe that the *Beijing Declaration*, along with other documents approved by the previous congresses (such as the Lima and Mexico declarations) will provide guidance for the future development of INTOSAI and its member SAIs.

We also believe that SAIs will continue to serve society and the public by promoting sustainable development and improvements in national governance, fostering democracy, improving the rule of law, combating corruption and building a clean government, safeguarding national security, stimulating reform, and maintaining people's livelihood. SAIs should adopt more creative auditing means and methodologies, take effective measures to enhance their capabilities, and overcome challenges. SAIs should also promote exchanges and cooperation, sharing with each other their good practices and experience to help develop national audit worldwide and become independent, model, competent, efficient, and sustainable institutions.

We believe that INTOSAI will maintain its foresight function and the relevance of the issues it focuses on and will continuously update and improve its strategic planning. Based upon a comprehensive understanding of emerging issues and current developments, INTOSAI will conduct research and promote exchanges to disseminate its achievements, making INTOSAI a leader in public sector auditing. INTOSAI will participate in the international rule-making process and play a role in global governance. INTOSAI will advocate for a role in international and global issues

such as strengthening financial discipline, discovering and revealing economic risks in a timely manner, fighting corruption, and helping maintain stability in the world economy. INTOSAI will also act on the principles of development, cooperation, communication, coordination, and efficiency in its institutional operations; improve the efficiency of vertical and horizontal communication; and ensure the equal participation of SAIs within the existing organizational framework. INTOSAI should prioritize its support of capacity building for developing countries and become a model international organization featuring good corporate governance, high efficiency, and equal participation.

In the golden season of October 2013, my colleagues and I will welcome you to Beijing. We will strive to present to the congress participants a wonderful experience in China, a country known for its 5,000-year history of civilization, charming natural landscapes, rich traditional culture, and splendid economic achievements. Meanwhile, we will also highlight the development of auditing in China, which dates back many years but has been rejuvenated in the past 30 years. Carrying on the essence of traditional Chinese culture and complying with the spirit of innovation and development, China developed the position of “Zaifu,” a rudimentary form of auditing, almost 3,000 years ago, as well as the earliest “Shangji” system that was adopted to conduct audit and oversight over economic activities. National audit in China also developed the concept of audit as an immune system, which holds that “preventing a problem from happening is more important than handling the problem.” It is the desire and commitment of more than 80,000 external government auditors in China to present a congress that

- highlights the principles of humanism, care for the environment, development, communication, and cooperation;
- reflects the spirit of inclusiveness, harmony, innovation, efficiency, and transformation; and
- complies with the criteria of economy, efficiency, results, and effectiveness.

As an SAI that has just celebrated its 30th anniversary, the National Audit Office of China will be dedicated to making our contribution to INTOSAI as well as to the global development of national audit.



A Conscious Move toward Global Activism

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

INTOSAI is known and has always been counted as one of many players that shape the direction of global trends. As members of INTOSAI, we ought to be proud to operate in an environment that is blessed with well resourced and prominent global institutions that are working tirelessly to confront a wide range of global matters, including politics, diplomacy, democracy, business, economics, governance, accountability, transparency, environment, community development, disaster, corruption, poverty, unemployment, food security, cyber security, terrorism, crime, health, education, safety and security, infrastructure, gender, and youth. The list of the fields of specialization in global institutions is in fact endless and quite exhaustive.

As we reflect on INTOSAI's role within this space, we need to carefully consider what would be most relevant and appropriate given our competencies. We need to consider equally carefully with whom we should collaborate to take our competencies to the next level. We need to be conscious of the benefits of integrating our expertise with others whose expertise complements our own. We need to establish a clear basis for and develop a method of defining what, when, how, and with whom we should pursue a particular emerging issue with global significance.

In this respect, I am delighted to draw the attention of the INTOSAI community and our stakeholders to the progressive decisions taken at the 63rd meeting of the INTOSAI Governing Board in response to the impact of global issues on INTOSAI's work. On the INTOSAI website, the summary of the meeting's main results includes the following:

- Establishment of the INTOSAI Standing Supervisory Committee on Emerging Issues, to report under the chairmanship of the INTOSAI chair directly to the Governing Board.

- Approval of the document "INTOSAI Response Mechanism for Emerging Issues," explaining how INTOSAI will deal with future emerging issues.
- The decision that the Capacity Building Committee chair, in cooperation with the INTOSAI Development Initiative, will act as focal points for INTOSAI's relations with the Development Cooperation Directorate of the Organization for Economic Cooperation and Development (OECD-DAC) and the broader development community.

These decisions demonstrate INTOSAI's conscious choice to take first steps toward global activism. We have made this decision with the singular goal of promoting the independence of SAIs and collaborating with others to enable positive progress on matters of transparency, accountability, and good governance in the public service. We are very conscious of the positive impact such a focus will have on the value and benefits of SAIs in making a difference in the lives of citizens.

As we enter this space, we need to be fully aware of unfinished business relating in particular to the fragmentation of data among all parties involved. These data will have to be integrated by dint of enormous effort if our collaborative actions with other institutions are to have a favorable effect. Successful collaboration with other global partners will require the critical attributes of data integrity, integration, and advanced mining capabilities. This will facilitate effective communication and action on threats that hitherto have proven to be the source of global instability—such as persistent and escalating corruption, the gradual erosion of fiscal discipline that is perpetuating the global financial crisis, widening levels of poverty and unemployment that are spreading to more countries, and threats to the environment. The list is serious enough to urge us to be active in scanning and responding to these and many other emerging issues that threaten citizens' quality of life.

We naturally accept this challenge with a proud record of thorough research and knowledge-sharing models that have proven beneficial to our members at global, regional, and—even more important—country levels. Our successful relationships with the United Nations, the International Federation of Accountants, and the donor community (to name but a few) have been useful pilots demonstrating our ability to pursue common goals together with progressive global institutions. As we commit to scanning the environment for emerging issues, opportunities for wider collaboration and integration with even more global formations will undoubtedly become a reality. In this instance, our institutionalized and tried and tested experience on this terrain will be of great value.

The ISSAIs are a rich source of reference that provide insights in the form of auditing principles and guidelines and guidelines on good governance. So too are the activities and experiences of the INTOSAI working groups, committees, and task forces and the variety of useful documents readily available through our website. The initiative on emerging issues will certainly add to the wealth of insight for which INTOSAI is renowned and thus bring to the fore the meaning of our motto *Mutual experience benefits all*. This time, the benefits of our mutual experience will extend much further than the immediate INTOSAI community to our global strategic partners and even to the most vulnerable: the citizens and future citizens of the world in which we live.

NEWS

IN

brief



Cyprus

Audit on Adaptation to Climate Change

The Audit Office of the Republic of Cyprus has completed an audit on adaptation to climate change. The audit was carried out in conjunction with a cooperative audit initiated by the EUROSAI Working Group on Environmental Auditing. The audit's objective was to examine the measures taken in Cyprus to facilitate adaptation to climate change and assess their implementation, coordination, and effectiveness, with particular focus on the water, forest, and agriculture sectors.

The main audit findings were (1) the absence of a formal risk and vulnerability assessment and national adaptation strategy, (2) the implementation of measures taken merely to address existing problems rather than facilitating adaptation to future climatic conditions, and (3) a lack of coordination between various departments implementing the measures. The economy, efficiency, and sustainability of certain actions implemented are questionable due to inadequate planning.

Many of the issues identified are expected to be resolved through the CYPADAPT project, co-financed by the

LIFE+ 2010 program, which is currently in progress and is to be completed by March 2014.

The full report in Greek and a comprehensive summary in English are available on the Audit Office's website.

For additional information, contact the Audit Office:

E-mail: cao@audit.gov.cy
Website: <http://www.audit.gov.cy>

Germany

New SAI Vice-President Elected

Christian Ahrendt is the new vice-president of Germany's SAI. He was elected by the two Houses of Parliament at the end of 2012 and received his certificate of appointment from Dieter Engels, the SAI president, on January 7, 2013. Mr. Ahrendt succeeds Norbert Hauser, who retired.

Mr. Ahrendt is a lawyer and was a member of the German Parliament from 2005 until his appointment. During his term in the German Parliament, he was a member of the Committee on Legal Affairs and the Free Democratic Party, which he served as Parliamentary Secretary from October 2009.



Christian Ahrendt

For additional information, contact the German SAI:

E-mail: Poststelle@brh.bund.de
Website: <http://www.bundesrechnungshof.de>

Honduras

New President of Court of Accounts

Magistrate Miguel Angel Mejia Espinoza assumed the presidency of the Honduran Court of Accounts (TSC) on December 7, 2012. He succeeds Anchecta Daysi Oseguera, who held the post for a year on a rotating basis, as stipulated in the SAI's authorizing legislation.

In his inaugural speech, Mr. Mejia Espinoza acknowledged the efforts of his predecessor and congratulated the directors, heads of departments, employees and officials for their work. He expressed the hope that they would be able to redouble their efforts in the coming year and achieve positive results for the SAI.

For additional information, contact the TSC:

E-mail: tsc@tsc.gob.hn

Website: <http://www.tsc.gob.hn>

Japan

New President and Commissioner Appointed

Dr. Hisashi Yamaura, Commissioner of the Board of Audit of Japan, assumed office as President of the Board on March 8, 2013, succeeding Mr. Hiroyuki Shigematsu, whose mandate expired on November 24, 2012.



Hisashi Yamaura

Before assuming his current position, Dr. Yamaura had served as Commissioner of the Board since 2008 and as Acting President since Mr. Shigematsu's retirement. Before that, he had been the dean and a professor in the Graduate School of Professional Accountancy of Meiji University in

Tokyo. From 2004 to 2007, he also served as the official observer of the International Auditing and Assurance Standards Board (IAASB) from the Japanese government.

In a related move, Mr. Teruhiko Kawato was appointed as Commissioner of the Board on March 5, 2013. Prior to his appointment as Commissioner, Mr. Kawato was Secretary General of the Board. Mr. Kawato joined the Board in 1976 and held many important positions within its General Executive Bureau.

Annual Audit Report issued

On November 2, 2012, Hiroyuki Shigematsu, then President of the Board of Audit, submitted the annual report for fiscal year 2011 to then Prime Minister Yoshihiko Noda. The report contains the results of audits the Board of Audit conducted in 2011–2012 on the final accounts of the annual expenditures and revenues of the state and government-affiliated institutions for fiscal year 2011 and on other matters. The cabinet submitted the audit report to the Diet together with the final accounts of the expenditures and revenues of the state.

For additional information, contact the Board of Audit:

Email: liaison@jbaudit.go.jp

Website: <http://www.jbaudit.go.jp/english>

Kuwait

Activities of the State Audit Bureau

An official delegation from the State Audit Bureau (SAB) visited the Central Auditing Organization of Egypt January 15–17, 2013, to benefit from the Egyptian SAI's experience in the accounting and legal aspects of financial control, control in following up on plan implementation and performance assessment, legal control

over decisions on financial breaches, and training and qualifications for staff.

During March, the SAB visited the SAIs of Ireland, Oman, and the Republic of Korea to learn about a broad spectrum of experiences, including financial and performance audit, environmental audit, and audit of construction contracts. The SAB also hosted an official delegation from Netherlands Court of Audit March 13–15 to coordinate a cooperation agreement between the two SAIs.

For additional information, contact the SAB:

E-mail: president@sabq8.org,
training@sabq8.org

Website: <http://www.sabq8.org>

Latvia

New Auditor General

On January 25, 2013, Mrs. Elita Krūmiņa began her duties as the new Auditor General of the Republic of Latvia.



Elita Krūmiņa

On January 17, 2013, the Saeima (Parliament of Latvia) elected Mrs. Krūmiņa to the post of Auditor General. On January 24, 2013, she was sworn in at the Saeima for a 4-year term.

Prior to her appointment, Mrs. Krūmiņa had been a Member of the Council of the State Audit Office since 2005. At the same time, she was director of the Third Audit Department, which is responsible for audits of the health and welfare sectors. Mrs. Krūmiņa also gained significant professional experience while working at the Latvian Ministry of Finance from 1998 until 2004, where she was head of division in the Budget Department. In that position, she was responsible for preparing social and health care budget projects; supervising the European Union Phare projects of these sectors; and reporting on the impact of law projects and Cabinet of Ministers decisions, orders, regulations and other legislative proposals on state and local government revenues and expenditures.

For additional information, contact the State Audit Office:

E-mail: lrvk@lrvk.gov.lv

Website: <http://www.lrvk.gov.lv>

Moldova

New Cooperative Project with Swedish SAI

During the last quarter of 2012, several events were held in connection with implementing the objectives of the second collaborative project (for 2010–2012) between the Court of Accounts of the Republic of Moldova (CoA) and its institutional development partner, the Swedish National Audit Office (SNAO).

In early October 2012, SNAO experts visited the CoA as part of the subproject on modern management and impact. The Swedish team held a workshop on audit quality and reported on the SNAO experience in quality monitoring ("hot" review) and quality assessment ("cold" review).

In mid-December 2012, the CoA hosted SNAO management to negotiate a new cooperative project. The SNAO delegation and CoA management met with the Chairman of the Moldovan Parliament and discussed how to develop cooperation between the two institutions and promote relations between Parliament and the SAI.



Serafim Urechean (left), president of the CoA of Moldova, and Jan Landahl (right), Auditor General of the SNAO, sign a new cooperation agreement between their SAIs in December 2012.

On December 19, 2012, the CoA and SNAO signed a new memorandum for a 2013–2015 cooperation project to promote the CoA's institutional development.



A delegation of the Sweden Parliament visited the Moldovan Court of Accounts in October 2012.

Swedish Parliament Delegation Visits CoA

A delegation of the Swedish Parliament (Riksdag) visited the CoA in late October 2012. This was the second visit under the Parliamentary Cooperation between the legislative bodies of Sweden and Moldova to strengthen Moldovan parliamentary democracy.

CoA Member Receives National Award

In December 2012, the President of the Republic awarded Moldova Ecaterina Paknehad, a CoA member, the National Medal of Civic Merit. This high distinction recognizes outstanding activity in the field of external financial audit.

Moldovan SAI Celebrates 18th Anniversary

On December 8, 2012, the CoA celebrated 18 years of activity. During the process of strategic development and modernization, the CoA has registered high achievements in the fields of professionalism, competence, transparency, and accountability.

For additional information, contact the CoA:

E-mail: cdc@ccrm.gov.md

Website: <http://www.ccrm.md>

Myanmar

Amendment to the Auditor General Law

After a round of parliamentary approval and comments from the president of Myanmar in October 2012, the final draft of the law amending the Auditor General of the Union Law was signed and enacted on January 21, 2013. The majority of Parliament representatives were in favor of the amendments.

In the amended law, the auditor general is required to report at least annually to the Parliament on the audit findings for the state's budget. The auditor general is also required to report simultaneously to the president and to the Parliament. The amended law also adds language requiring that the auditor general report to the Parliament on assignments from the Parliament to inspect the work of national organizations, ministries, and government departments and organizations.

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

E-mail: auditorgeneral@mptmail.net.mm

Website: <http://www.oagmac.gov.mm>

Netherlands

New Board Member Appointed to the Netherlands Court of Audit

In December 2012, the Dutch Cabinet adopted the House of Representatives' nomination of Arno Visser as a member of the Board of the Netherlands Court of Audit (NCA). Mr. Visser was sworn in by the Queen on January 15, 2013. He succeeds Gerrit de Jong, who retired on December 1, 2012.



Arno Visser

With the appointment, the Board, which manages the NCA, is once again complete. Other Board members are Saskia J. Stuiveling, President, and Kees Vendrik. Before his appointment, Arno Visser was a portfolio holder on the municipal executive of Almere. Between 2003 and 2006, he was a Member of Parliament for the VVD liberal party. Mr. Visser studied theoretical and comparative literature and previously worked as a consultant, press officer for the VVD parliamentary party, and political adviser to the Minister of the Interior.

Public-Private Partnership Conference Held

The NCA successfully hosted the "Auditing Public Private Partnerships: The Work Continues" conference November 26–27, 2012, in The Hague. The conference aim was to share practitioner experience and specialist knowledge on auditing public-private partnership (PPP) projects. More than 90 colleagues representing over 50 SAIs from all regions of the world participated. They listened to keynote speakers from the World Bank, the United Nations, the Organization for Economic Cooperation and Development, and other experts in different fields and discussed results

and experiences of audits presented by 17 SAIs in plenary and workshop sessions.

The conference made it clear that PPPs differ from traditional procurement of infrastructure projects in the role for government, the appraisal of projects, financing and risk assessment, procurement processes, and contract management. It is crucial for SAIs to understand the specific issues involved in order to be effective and contribute to the value for money (VFM) of PPPs and the sustainability of public spending. It was concluded that PPPs may lead to faster results, better quality, and lower costs of public services, but not in all cases and only under specific conditions. One essential condition is that risks should be allocated to the party (public or private) that can best manage them and in such a way that private parties have an incentive to optimize projects. This condition is not always realized in an obvious way. In practice, more risks end up with the government than appear at the project's start. For example, due to the financial crisis, there is a strong tendency toward risk reduction in financial markets, leading to more government guarantees. This may result in less VFM for PPP projects.

The conference also demonstrated that the government must continue to be involved after closing a PPP contract. Management of the operational phase—including monitoring the delivery of services and dealing with changes—involves significant levels of organization, expertise, and time, as well as long-term government commitment. In general the importance of good PPP governance was advocated, including policies and legislation, adequate budgetary processes, involvement of stakeholders, and transparency. National audit offices have an important role to play in improving governance and the VFM of PPP. They should contribute to the learning process of both public and private parties.

More information about the conference can be found on the NCA website at <http://www.courtofaudit.nl/PPP>. This conference was the second in a series to continue the work of the former INTOSAI Working Group on the Audit of Privatization, Economic Regulation and Public-Private Partnerships. The first was successfully hosted by the SAI of Brazil in 2011. For more information on the conference in Brazil, see: http://portal2.tcu.gov.br/portal/page/portal/TCU/comunidades/regulacao/Regulation_Oversight.html.

IntoSAINT Lessons Learned Meeting in The Hague

On April 22 and 23, 2013, the NCA will organize an IntoSAINT lessons learned meeting in The Hague. IntoSAINT (Self-Assessment INTEgrity) is a tool that enables SAIs to assess their vulnerability and resilience to integrity violations. As a result, the SAI knows what measures it can take to improve its integrity. In 2011 and 2012, IntoSAINT moderator trainings took place in The Hague and Kuwait City. These trainings served as a stimulus for disseminating the integrity self-assessment tool within the INTOSAI community.

In the meantime, SAIs from all over the world have conducted IntoSAINT workshops. In the October 2012 issue of this *Journal*, Terence Nombembe, Chairman of the INTOSAI Governing Board and Auditor-General of South Africa, stressed the importance of the IntoSAINT tool for the INTOSAI community.

In the lessons learned meeting, the NCA aims to collect ideas and experiences from previously trained moderators concerning the IntoSAINT methodology and results. The meeting will also focus on practical aspects of facilitating the IntoSAINT workshops and further improvement of the IntoSAINT instrument. At INCOSAI XXI

in Beijing, the NCA will report on the results and roll-out of the IntoSAINT initiative.

For additional information, contact the NCA:

E-mail: Intosaint@rekenkamer.nl
Website: <http://www.courtofaudit.nl>

Romania

Recent Developments at the Court of Accounts

The Romanian Court of Accounts (CoA) has issued its public report for 2011, presenting the findings and conclusions of audits performed during 2012 for fiscal year 2011. This report contains several new features, including separate chapters on performance audit and internal/managerial control systems of the audited entities. The report has been submitted to the Parliament and is available on the CoA's website.

As part of the process the CoA started in 2012 to update existing methodologies, the performance audit manual has been updated. The manual is designed to help ensure high quality performance audit and enhance the professional expertise of the CoA's external public auditors. It was developed according to ISSAIs 3000 and 3100, keeping in view the exposure draft of ISSAI 300. The new manual's six chapters provide a general understanding of performance audit and its principles, details for each stage of performance audit (planning, execution, and reporting), and the factors needed to ensure audit quality during all stages of the audit.

The CoA also developed field audit guidelines. The department dealing with environmental audit developed guidance on conducting environmental audits that is to be implemented in 2013. This guidance presents mechanisms

for all stages of the environmental audit process, taking into consideration the diversity of potential environmental audit topics and objectives, as well as the methods for collecting and analyzing available field data. It was developed in accordance with level 4 of the ISSAI framework: ISSAIs 5110, 5120, 5130, and 5140. It also takes into account the regulation on the organization and conduct of CoA activities, the follow-up on reports resulting from these activities, the CoA's audit standards, and best practices in environmental audit.

Issues of ecological and sustainable development are very significant from the financial point of view as they include direct expenditures and mechanisms related to transferring financial assistance. Consequently, SAIs need to ensure the correctness of the accounting and use of these funds, according to principles of environmental protection and sustainable development. The guidance encourages the exercise of professional judgment at all stages of environmental auditing.

For additional information, contact the CoA:

E-mail: international.romania@rcc.ro
Website: <http://www.curteadeconturi.ro>

Singapore

New Auditor-General

On February 8, 2013, Mr. Tan Yoke Meng Willie was appointed Auditor-General of Singapore by the President of Singapore. He succeeds Mr. Lim Soo Ping, who retired on the same date.

Before joining the Auditor-General's Office, Mr. Tan held senior management positions in various public agencies, including the Ministry of Defense, the Central Provident Fund Board,

the Ministry of Health, the Health Corporation of Singapore, and the Public Service Division. During his public service career, he also served in the Singapore Armed Forces and the Ministry of National Development.

For additional information, please contact the Auditor-General's Office of Singapore:

Website: Email: ago_email@ago.gov.sg
 Website: <http://www.ago.gov.sg>

Turkey

Performance Audit Seminar for the SAI of Albania

Within the framework of the November 16, 2012, cooperation agreement signed between the Supreme State Audit of Albania and the Turkish Court of Accounts, a 5-day performance audit seminar was organized for staff from the Supreme State Audit of Albania on December 17–21, 2012. A 15-person delegation headed by Reinald Muça, Director of the Performance Audit Department of the Albanian SAI, took part in the seminar.

During the seminar, presentations were made on understanding the audited entity, carrying out a preliminary study, setting criteria, determining the audit approach, completing field work, and reporting and monitoring. Examples were shared from the practices of the Turkish Court of Accounts. At the end of the program, Dr. Recai Akyel, President of the Turkish Court of Accounts, awarded certificates of attendance to the participants.

For additional information, contact the Turkish Court of Accounts.

E-mail: int.relations@sayistay.gov.tr
 Website: <http://www.sayistay.gov.tr>

United Arab Emirates

Review of Activities to Implement UN Convention Against Corruption

A team of international experts assigned to review the United Arab Emirates' (UAE) implementation of the United Nations Convention Against Corruption (UNCAC) recently concluded its activities in Abu Dhabi. The international team was assisted in

its review by a team of national experts, formed under a resolution by the president of the State Audit Institution. The team was headed by SAI staff and comprised officials from UAE anti-graft and law enforcement authorities.

The international team reviewed the UAE's compliance with chapter III (Criminalization and Law Enforcement) and chapter IV (International Cooperation) of the UNCAC. The team praised the UAE's legislative, executive, and judicial anti-corruption actions and indicated that these regulations and procedures match the UNCAC provisions in most cases. The team stated that some of these regulations and procedures—such as those related to preventing and mitigating money laundering—are considered highly successful and best practices. The team concluded that the UAE is developing some legislative measures and other legal tools necessary to combat corruption, including actions to protect witnesses and whistleblowers.

The international team will prepare a report detailing its conclusions and findings. The report will also set out the priorities, requirements, and technical assistance needed for the UAE to optimize its implementation of the UNCAC. The report will be circulated to the national expert team for concurrence and will then be approved and agreed upon by the UNCAC's state parties.

This is the first phase of a lengthy and detailed review process. Each phase includes two activities, each lasting 5 years. The first activity is a review of the implementation of chapters III and IV. The second activity will be a review of the implementation of chapter II (Preventive Measures) and chapter V (Asset Recovery). These activities are initiated by preparing self-assessment forms. During the second phase, the international team's reports will be



Participants in the Turkish performance audit seminar for the Supreme State Audit of Albania.

analyzed and discussed, and the country being reviewed will be visited.

For more information, contact the State Audit Institution:

E-mail: info@saiuae.gov.ae

Website: <http://www.saiuae.gov.ae>

Yap (Federated States of Micronesia)

2012 Annual Report Issued

The Office of the Public Auditor (OPA) of the State of Yap (Federated States of Micronesia) has issued its 2012 Annual Report. The report notes that the OPA completed 10 engagements in 2012, including financial statement audits, management letters, a performance audit, inspection, and follow-up evaluation. Also, a chief investigator was hired to lead the OPA's start-up Compliance Investigation Division, and the OPA established a fraud hotline, launched its website, created and implemented a local area network (LAN) for the office, passed its peer review with the highest rating, and created a new Accounting Services Division. The OPA also implemented several initiatives in its staff development and training plan. A number of staff are working toward certification as CFEs (Certified Fraud Examiner) and CGAPs (Certified Government Audit Professional). The goal is for all staff to have at least one certification.

For additional information, contact the OPA:

E-mail: info@audityap.org

Website: <http://www.audityap.org>

IJGA

Assistant Editor Retires

Linda Sellevaag, assistant editor of this Journal, will be retiring after 25 years of service to the U.S. government. Fifteen of those years were spent editing the Journal.



Linda Sellevaag

Linda has provided exceptional service to the INTOSAI community; she has corresponded with many of our readers in an effort to make the Journal an excellent and useful communication tool for INTOSAI. We are deeply grateful for the excellent quality service Linda has provided and she will be greatly missed.

An Overview of the Cour des Comptes of France

by Jean-Raphael Alventosa and Adeline Baldacchino, French Court of Accounts

In the current era of globalization, SAIs tend to work ever more closely together. Thanks to our cooperation under the auspices of INTOSAI, we learn to benefit from each other's best practices, but we also become more aware of our differences. Because diversity has been a key value of the INTOSAI community since its creation, we believe that grasping how our counterparts operate is a valuable insight.

The French SAI, the Court of Accounts (Cour des Comptes), represents a very specific model that encompasses about a third of the world's SAIs, primarily in Europe, Africa, and South America. Although this model is widespread, it is often poorly understood. This article seeks to explain this jurisdictional model that, having existed for centuries, still retains characteristics useful for the modern world to ensure independence and fight corruption. Specifically, this article answers the following questions: How does the French Court of Accounts operate? What specific characteristics set it apart from its foreign counterparts?

History of the French Court of Accounts

The French Cour des Comptes is the product of a lengthy historical process. It is one of the oldest administrative bodies of the French civil service. Its origins lie in the royalty's *Curia Regis* (King's Court) of the Middle Ages (13th century), which was in charge of overseeing the preservation of the Estate—the main source of royal revenue. It ruled on accounts and exercised prosecutions through fines. When Napoleon established the present court in 1807, it reported solely to the Emperor. Since then, the court has gone through a slow and steady change in order to better live up to the ideal provided by article 15 of the Declaration of Human Rights: "Society has the right to ask any public official to account for his administration."

The Court's Jurisdictional Powers and Staffing

The court's jurisdictional powers are the original characteristic of the French model. Members of the Court are independent magistrates who cannot be removed from office. If the magistrates deem the transactions they review as legal, they have the power to discharge public accountants from further liability. They can also impose penalties or fines on audited officials in one of two ways:

- They can issue "judgments of the Court of Accounts" for all public accountants, who have sworn an oath before taking office and are personally and financially responsible for ensuring the compliance of all transactions with the financial jurisdictions (written) code.
- They can issue "judgments of the Budgetary and Financial Discipline Court" for all managers entitled to make decisions on how to spend money.

editor's note

This article is based on a presentation made by the French Court of Accounts at the PASAI Congress held in New Caledonia in October 2012. It outlines the unique characteristics of the Court of Accounts model for SAIs.

Financial penalties imposed on accountants now depend on the severity of the misconduct and are not mechanically equal to the amount considered to have been lost by public authorities. Moreover, the jurisdictional framework is still evolving, and a new penalty system for authorizing officers—most often the top management or elected officials—is under consideration.

Another unique characteristic of the Court of Accounts is the diversity of the magistrates' skills. Their fields of expertise are broad and not confined to a specialty like financial or performance audit. Magistrates have legal as well as accounting and auditing backgrounds. Most are hired upon graduation from ENA, the school that trains top civil servants. They are appointed by decree of the President of the Republic. The magistrates work with external rapporteurs, who are senior civil servants that share the same functions as the magistrates, except for the jurisdictional tasks. Experts, often from large auditing firms, provide detailed expertise for certain missions, such as the annual opinion on the state's accounts. Assistants—also top level civil servants, mostly from financial administrations (public accountants or tax or customs officers)—also contribute to audits under the authority of a magistrate or a rapporteur.

The Court's Legal Mandate and Daily Work

The French Constitution is the ultimate legal basis of the Court of Accounts. Article 47-2 of the Constitution of the 5th Republic states, "The Court of Accounts assists the Parliament in controlling Government's action. It assists the Parliament and the Government in controlling the enforcement of finance laws and the implementation of laws on the financing of social security as well as for the assessment of public policies. It contributes to informing the citizens through its public reports."

The Constitution clearly states the Court of Account's mission in the broadest sense. Let us now look at the concrete missions that constitute the court's daily work. First, by virtue of the 2001 Constitutional Bylaw on Budget Acts (LOLF), the Court of Accounts is required to issue several annual public reports:

- a report on the fiscal balance and enforcement of finance laws (RRGB),
- a report on the situation and prospects of public finance (RSPFP),
- reports on Social Security, and
- an annual audit opinion of the state's accounts (certification).

These reports help the government and Parliament gain a deeper understanding of the state of public finances. Further, the court helps government and Parliament in monitoring public accounts and policies. Its audits of state books comprise four facets: judging, auditing, assessing, and certifying. The court judges public accountants' accounts by verifying the regularity of revenues and expenditures. It controls the use of public resources by examining the regularity, efficiency, and efficacy of their management. It evaluates public policies. It certifies the state's and social security's accounts to guarantee that the statements of public administration reflect a fair view of their financial situation. The court may produce reports at Parliament's request, but

no more than about 15 such reports can be requested per year; otherwise, the court's capacity to self-refer matters for audits would be diminished. To inform citizens, the court publishes an annual public report featuring short papers concerning about 20 cases. The court also addresses letters to ministers regarding specific problems on a regular basis. These letters are disclosed to the public after 2 months. Four to six thematic public reports are released every year. Finally, the court issues reports on organizations that raise funds from the public. The Court of Accounts, therefore, has a broad mandate, encompassing both oversight and advisory functions. In 2011, the court carried out 1,119 audits. Among them, 42 reports were published (10 imposed by the LOLF, 18 on request of the Parliament, and 14 thematic reports) and 145 judgments were rendered.

To strive for objectivity, the Court of Account's approach to monitoring public finances relies on the two key principles of collegiality and the right to a fair hearing. The court is not ruled by a single head but by seven presidents—each of whom chairs a chamber working on a distinct sector—and a first president. Decisions are made when the members of the court or the chamber concerned are gathered. Moreover, for each report a “counter-rapporteur” is in charge of verifying each statement, and audited entities are granted a right to respond to the court's opinion. A jurisdictional character permeates all of these procedures. A specific and little-known aspect of the court's functioning is the role of the General Prosecutor's Office. It is composed of a general prosecutor, a first general advocate, four general advocates, two project officers, and an administrative staff. It gives advisory opinions on the court's organization, the chambers' remits, the organization of assemblies for deliberations, rules of procedure, and work programs; it also monitors the enforcement of its work. All reports are officially sent to the General Prosecutor's Office to check their conclusions, notably the completion of the fair hearing process and the traceability of the procedure before the collegial deliberation. The office acts as an intermediary with other judicial authorities when criminal follow-ups are considered.

The Court's Relationship with Parliament and the Executive

Another important feature of the French Court of Accounts is its equidistance from both the Parliament and the Executive. The court is neither subordinated to Parliament, as in the Westminster model, nor liable to the government, as in the Executive model. The court is free to formulate its own annual plans: annual audit programs are debated and decided each year in a committee gathering of the seven presidents of the court. The court is also free to decide what results should be published and what form they should be published in. However, Parliament can also request annual reports on specific topics. Moreover, since 2006, the court's budget has been associated with the prime minister's budget and no longer depends on the Ministry of Finance's budget. A fair negotiation takes place every 3 years involving the court, Parliament, and the government. The court then decides on its organization and the allocation of its budget without any external interference.

Conclusion

The Court of Accounts' jurisdictional system, therefore, has a number of unique characteristics, notably its equidistance from Parliament and the Executive and its capacity to impose sanctions. These characteristics are a further guarantee of independence—from both the executive and the legislative—and efficiency in a changing landscape for SAIs, who may be threatened by the tendency of the executive to influence government bodies.

For additional information, contact the French Court of Accounts at courdescomptes@ccomptes.fr.

Using Online Communication to Enhance SAI Performance: A Case Study from the State Audit Office of Hungary.

by Erzsébet Németh, State Audit Office of Hungary

Online communication helps close the gap between public organizations and the public by meeting people where they are and serving as an information source for the media. In addition, to ensure that a publicly funded organization is providing the best value for the money, it is essential for that organization to be transparent about its performance and results. Recognizing the importance of online communication, the State Audit Office of Hungary (SAO) supplemented its official website (<http://www.asz.hu>) with a new website: *SAO News Portal* (<http://www.aszportal.hu>). This new website is designed to provide fast, fresh, authentic, and unbiased information to the public.

Because *SAO News Portal* and SAO's official website were intended to work in tandem, the role of the official website had to be revised. According to the new concept, the official website displays only the important news and events and other content that SAO is legally required to provide. Conversely, *SAO News Portal* displays a wide variety of information about SAO's activity and all types of news.

A major goal of expanding SAO's online communication channel was to encourage SAO's stakeholders (the public, the media, members of Parliament, and SAO officials) to consider the websites as the primary source of SAO-related news and information. In order to achieve this objective, a new publishing process and method had to be developed. Prior to this effort, SAO had not been focused on releasing news about itself or its work. Therefore, a change in institutional attitude was also necessary.

The Concept of the SAO News Portal

SAO News Portal contains news about official and unofficial events, audit-related scientific activities, meetings with leaders from other organizations, and audit reports.

The aim of audit-related news is to introduce the objectives, contents, and results of SAO's audits; therefore, news articles are published from the early stages until and even beyond the last stages of audits. In terms of this process, news items are released when an audit report is discussed by the national assembly or the statements of an audit report are used by a third party (in, for example, legislation or a scientific citation).

Furthermore, the website informs readers about events and conferences where employees of SAO were involved, domestic and international institutional relations of SAO, and also SAO's social responsibilities, such as its trainee program, integrity program, and good practices seminars. Moreover, the site also highlights the latest developments in audit methodology.

Figure 1: The SAO News Portal Home Page



Method and Results

In piloting the *SAO News Portal*, SAO set out to prove or disprove a set of hypotheses regarding the project. The hypotheses were as follows: (1) errors would increase due to the reduced control level during the publishing process; (2) having to sign the articles would increase the sense of responsibility and the quality of the articles while decreasing the occurrence of errors; (3) efforts made by employees to learn news publishing would deepen their commitment to the task; and (4) a news-oriented way of thinking would change the attitudes of SAO employees, improving both the quality and transparency of their output.

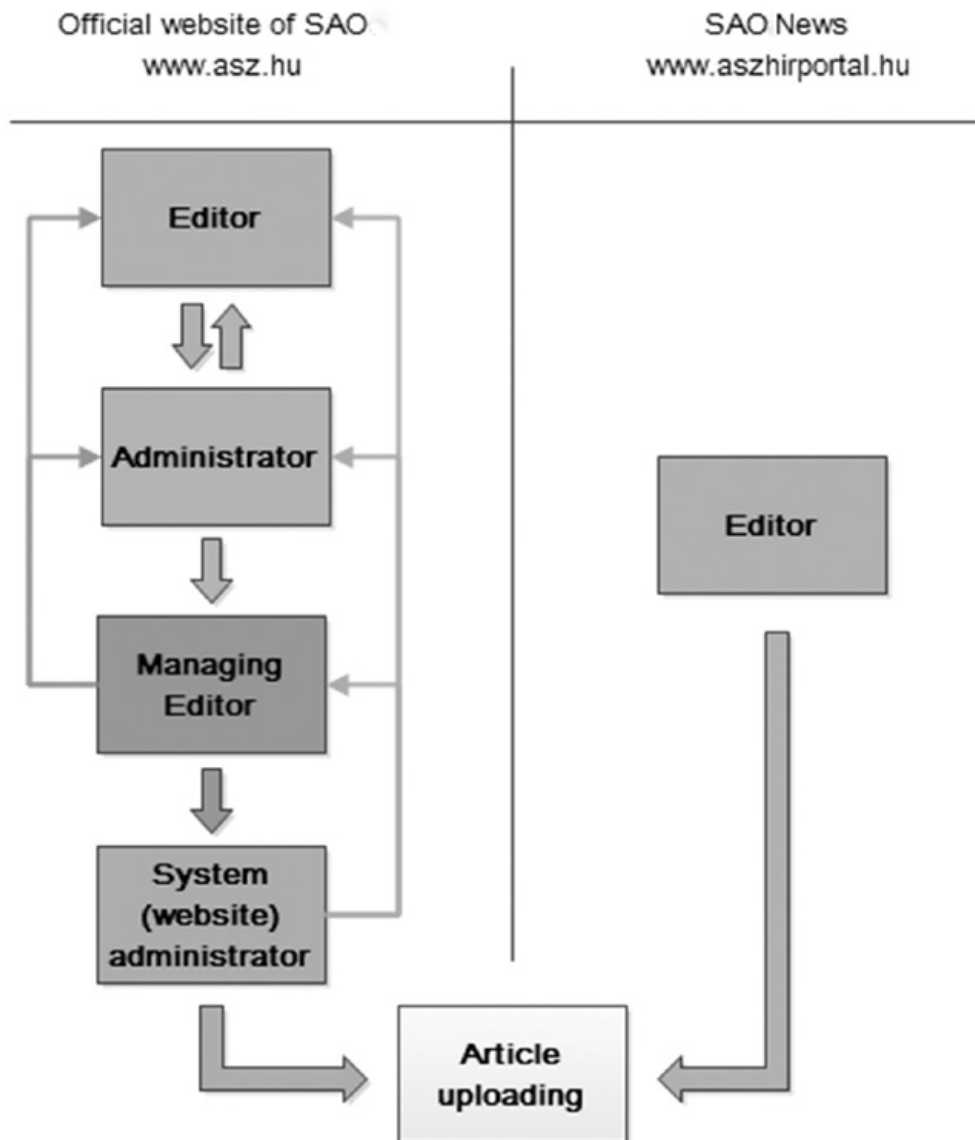
SAO News Portal was launched on February 14, 2011. The test period of the website was 3 months, during which SAO monitored the number of visitors, popular content, and the quality of articles, among other metrics.

The Publishing Process

Being flexible, fast, and up to date were important principles when the publishing process for the *SAO News Portal* was being envisioned. These features could not be achieved using the publishing process of the official SAO website. During the development of the official website, safety was the primary objective. Safety requires strict rules that make the publication process time- and energy-intensive. As shown in

figure 2, the publishing process for *SAO News Portal* is much simpler than that of the official website. Consequently, it is also much faster. Another advantage is that there is space for flexibility in the new system.

Figure 2: Differences in the Publishing Processes of SAO Websites



Before introducing the new process, SAO considered the fact that the simplicity of the *SAO News Portal* process would, in theory, increase the likelihood of mistakes compared with the official website's system.

However, despite the decrease in controls, there was no increase in error occurrence. According to our experience, the error rate remained around 10 percent. The most frequent errors were in grammar, long titles, and inappropriate illustrations.

The Source of News

Requiring SAO department leaders, experts, and auditors to provide news about activities such as audits, domestic and international cooperation, and scientific work as soon as possible is unique among international SAI counterparts. SAI staff are the authors, editors, and publishers of their news. (All eligible persons are trained to handle the upload interface.) This concept contributes directly to transparency (the name and SAO department of the author appears at the end of each article). In addition, the error rate results suggest that increased responsibility for having to sign news articles balanced out the reduced control level during the publication process.

Employee Training

In order to sustain the quality of *SAO News Portal*, employees must be trained for communication. The training focuses on both technical and content-related elements of writing news for the website. After training, participants are able to write, edit, and upload news items illustrated with pictures that draw public attention to the audited topic.

At the end of the test period, 39 employees had been trained to publish to *SAO News Portal*. After 3 more months, the number of trained employees rose to 60. At the time of this article, 77 employees—more than 12 percent of SAO's total staff—had been trained to publish to the site.

Based on our experience, self-publishing results in a real increase in commitment to organizational objectives. Even those who previously were reluctant to write news are now proud of their articles and the related illustrations.

Change in Institutional Attitudes

Because the news writing training requires a lot of effort from SAO staff, they gradually tend to accept the change and act as news providers. The fact that employees outside of the communication department are required to issue news helps to change the relationship between the employees and their work, and their public statements—particularly a signed text—contribute to the good quality of published content. The author whose work is available to the public tends to feel that the work is important and valuable.

The launch of *SAO News Portal* led to an increase in the number of news articles published and a change in attitude throughout the organization. During the test period, 148 articles were published, while in the second 3 months this number reached 170. In the first quarter of 2010, by contrast, only 8 articles were published. Altogether, 755 articles were published in 2011. As for the topic of released news, the biggest proportion (43 percent) dealt with audits. In 2012, 734 articles were published and, according to statistics, the number of visitors increased by 70 percent compared to 2011.

Conclusion

The experience confirms the results of social psychology research, in which experts argue that if an organization releases news about its activity and receives proper feedback, the organization's commitment to and involvement in its goals increases.

In summary, using *SAO News Portal* enables SAO to

- boost publication activity (news, pictures, video),
- stress the importance of SAO,
- reduce the distance between the public and SAO,
- increase the reputation of SAO,
- provide unbiased information to SAO's stakeholders, and
- strengthen the commitment of SAO employees to institutional objectives.

For additional information, contact the author at international@asz.hu.

Auditing Government Performance Information

by Terence Nombembe, Auditor-General of South Africa

Legislation in South Africa has highlighted the importance of auditing performance information. The Public Audit Act, 2004 (Act No. 25 of 2004) requires the Auditor-General of South Africa (AGSA) to express an audit opinion or conclusion on the performance information reported by South African government institutions. Over the past 8 years, the AGSA has been extensively involved with researching, developing, reviewing, consulting on, and gradually implementing an audit approach that will allow it to express an audit opinion on nonfinancial performance information.

This article provides a brief overview of the developments and outcomes obtained over the phased-in period since the initiative was launched.

What Is the Audit of Performance Information?

Supreme audit institutions around the world have progressed from conducting only financial audits to providing assurance on performance information presented by governments for tabling in legislatures and parliaments.

This type of audit has become crucial in countries, such as South Africa, that are undergoing public sector reform. It includes significant initiatives to improve public sector reporting by providing legislatures and the public with better information on what government programs are accomplishing.

Auditing performance information enables the auditor to conclude on whether performance reported against predetermined objectives is useful and reliable, in all material respects, based on predetermined criteria. In South Africa, the audit of performance information is conducted in accordance with the requirements of the Public Audit Act.

The audit of performance information is an integral part of the annual regularity audit process in South Africa and confirms the credibility of the performance information government institutions report annually. This audit should not be confused with performance auditing, which can be defined as an independent audit of the management measures governments institute to ensure economical procurement and efficient and effective utilization of resources.

What Is the Context of Performance Information in South Africa?

With the implementation of the Public Finance Management Act (PFMA) in 1999 and the Municipal Systems Act (MSA) in 2000, the concepts of performance management and reporting were formally introduced to the South African public sector. Since then, the focus on reporting performance against predetermined objectives in the public sector has continued to gain momentum.

Reports on performance information are included with the financial statements in the annual reports of all public sector institutions. These reports are used primarily by legislatures, members of the public, and other interested parties and stakeholders to determine whether approved funds have been used to meet service delivery requirements and targets. Performance information focuses on both qualitative and quantitative aspects of an institution, thereby ensuring that users not only obtain information on the numbers in the financial statements but also have a holistic picture of the institution's well-being and, specifically, whether the institution is achieving its set performance objectives.

It is understandable that as the importance and role of performance information in governance and accountability increases, there would be a greater focus on the credibility, quality, and timeliness of such information. Consequently, legislatures have in some instances (as in South Africa) turned to government auditors to provide them with the assurance that the performance information government institutions report can be trusted.

How Has the Audit Been Implemented to Date?

The AGSA, in consultation with relevant role players (including the National Treasury and Presidency), has followed a phased-in approach to auditing performance information. Since 2004–2005, auditors have been auditing the policies, processes, systems, and procedures used to manage and report on performance against predetermined objectives as part of the annual regularity audit process. Material shortcomings in performance management processes, systems, and reporting procedures that are identified during the audit process are reported as factual audit findings in the "report on other legal and regulatory requirements" section of the auditor's report.

Performance information in South Africa is audited and audit conclusions in this regard are prepared in accordance with International Standards on Assurance Engagements (ISAE) 3000: *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*.

In the absence of a comprehensive framework for performance management and reporting relevant to government institutions, the Auditor-General annually determines the sources of criteria against which the subject matter will be evaluated as a basis for the audit. In essence, this comprises relevant laws and regulations as well as frameworks, circulars, and guidance issued by the National Treasury and the Presidency regarding the planning, management, monitoring, and reporting of performance information.

During the audit, the performance information is audited against the criteria of presentation, measurability, relevance, consistency, validity, accuracy, and completeness.

Since the 2009–2010 financial year, an audit opinion has been prepared for internal management purposes only to assist government institutions in identifying and addressing further weaknesses and shortcomings in performance management and

reporting practices. This will help government institutions prepare for the final phase of the implementation of the performance information audit, which will involve providing an audit opinion on performance information in the auditor's report.

What Are the Major Audit Findings to Date?

The three broad areas identified as weaknesses during the audit of performance information are

- noncompliance with regulatory requirements,
- performance information that is not useful, and
- reported performance that is not reliable.

The root causes identified for noncompliance with regulatory requirements include

- inadequate management processes,
- noncompliance with internal policies and procedures or inadequate internal performance management operating procedures,
- deficiencies in key controls, and
- a lack or limited review of performance management processes and reporting by internal audit.

Further areas include inadequate training and guidance on performance management, monitoring, and reporting processes and practices.

The factors that contribute to published information not being useful include

- a lack of data definitions and technical standards relating to planned performance indicators and targets,
- performance indicators not being well defined and verifiable,
- performance targets not being specific, measurable, or time bound, and
- inconsistencies between planned and reported objectives, indicators, and targets.

Annual performance reports were not always being reliable due to

- a lack of integration of performance information structures and systems within existing management processes and systems,
- inadequate systems and documentation for identifying, collecting, collating, verifying, and storing performance information, and
- a lack of sufficient and appropriate source documentation to verify the accuracy and completeness of actual service delivery achievements against plans.

The latter was identified as the most important of unreliable published performance information.

What Lessons Were Learned

Government institutions can move towards compliance by making sure that the legislation governing performance management and reporting is thoroughly understood and implemented. Furthermore, proper performance management systems should be put in place to ensure that information is reliable and that effective communication and coordination exist within the organization. Investing in a strong internal audit division will also serve as a long-term support system to ensure the credibility of reported performance information.

In addition to ensuring that performance information systems are implemented properly, there has to be a credible process for monitoring and evaluating actual performance that is supported by sufficient, appropriate source documentation.

Performance management and reporting should be viewed not as another burden but as an important factor in ensuring accountability and proper service delivery.

Conclusion

The introduction of legislation in South Africa to ensure performance planning, management, monitoring, and reporting (as well as the audit of performance information) can be seen as one of the most important public sector reforms introduced to increase oversight and accountability. Although the developments in this regard are still in their infancy, the benefits for improved service delivery, accountability, oversight, and governance in the public sector cannot be disputed.



INTOSAI- *Donor Cooperation* *Update*

2011 Global Call for Proposals for Capacity Development Projects: From Vision to Reality

by the INTOSAI-Donor Cooperation Secretariat

In late 2011, a Global Call for Proposals was carried out under the auspices of the INTOSAI-Donor Cooperation. SAIs in developing countries and all INTOSAI regions were invited to submit proposals for capacity development projects based on their needs. The proposals were considered through a combined effort of the donors and SAI providers on the INTOSAI-Donor Steering Committee.

A little more than a year later, tangible results have come out of this effort. Of the 55 proposals submitted,

- 22 percent are now projects in process,
- 6 percent have had financing approved, and
- 26 percent are in ongoing dialogue with providers of support.

At the 5th INTOSAI-Donor Steering Committee meeting in London in October 2012, members decided to carry out annual Global Calls for Proposals. The next round will be launched in late 2013. More information is available on <http://www.idi.no>.

The following paragraphs present three examples of projects that came out of the 2011 Global Call for Proposals. They show how the global call gives SAIs and INTOSAI regions an opportunity to articulate their capacity development needs in accordance with their own priorities.

Cooperation between Macedonia and Norway

by the Office of the Auditor General of Norway

Among several proposals presented in response to the 2011 Global Call for Proposals, the SAI of Macedonia applied for technical and financial support to identify and roll out an Audit Management Tool (AMT). The State Audit Office of Macedonia (SAOM) wanted

to increase its efficiency and outreach by introducing an electronic AMT and requested an institutional partner with relevant experience.

The Office of the Auditor General (OAG) of Norway and the Norwegian Ministry of Foreign Affairs responded positively. The latter entered into a funding agreement with SAOM, securing money for the identification, purchase, and roll-out of a computer-based AMT.

The OAG of Norway has experience in developing and tailoring in-house systems for audit project management and is developing basic computerized systems as part of its bilateral collaboration with SAIs in other countries. Interaction between the Macedonian and Norwegian SAIs has already begun, and requirements will be specified soon after an initial mapping of the audit flow. It is now expected that by 2015, SAOM will be able to increase the impact of its work through standardization and computerization. The contract between SAOM and the Norwegian donor and the OAG of Norway came as a direct result of the global call.

Performance Auditing in Francophone Africa: Regional Peer Initiative

by the CREFIAF Secretariat

In response to the Global Call for Proposals, CREFIAF submitted a proposal on performance audit capacity development for 23 SAIs in Francophone sub-Saharan Africa from 2013 to 2016. The proposal was welcomed by the donor community, and the African Development Bank (AfDB) offered more than US \$430,000 in support for the first two phases of the project.

The SAIs of CREFIAF have mainly focused on the rendering of accounts and regularity audits. However, with evolving policies in these countries and a change in the pattern of government spending, transaction audits alone are inadequate to ensure accountability and promote good governance.

By using regional performance audit champions and building on previous support from the Canadian International Development Agency, the program aims to build capacity in performance audit within member SAIs, enable them to develop a performance audit plan, and encourage them to set up a structure in charge of performance audits.

To achieve these goals, the program is expected to be carried out in three phases. A grant agreement between CREFIAF and AfDB has been signed for the first two phases, covering the period from January 1, 2013, to December 31, 2013, and enabling CREFIAF to launch key activities to strengthen performance audit in Francophone African SAIs.

SAI of Seychelles: Expansion of Existing Support

by the AFROSAI-E Secretariat

The SAI of Seychelles and AFROSAI-E entered into cooperation in 2011 to facilitate the implementation of the ISSAIs in Seychelles. The cooperation was rooted in the strategic plan of the SAI. Support visits were carried out in 2012, focusing on training on the use of the AFROSAI-E *Regularity Audit Manual* and developing a customized manual for the SAI of Seychelles. Work was also initiated on introducing the SAI to audits in specific areas, such as environmental and IT audits.

Following the 2011 Global Call for Proposals, the European Union (EU) expressed an interest in the proposal from the SAI of Seychelles, which entailed assistance in implementing the ISSAIs. Further support was to build on the momentum already created through the cooperation with AFROSAI-E. The SAI of Seychelles had also suggested AFROSAI-E as the implementing partner for the new project, and the EU perceived this to be a valuable arrangement.

As a result, a partnership between the SAI of Seychelles, the EU, and AFROSAI-E was established. AFROSAI-E will use regional resource persons to assist the SAI of Seychelles in customizing its regularity audit manual, performing further rounds of pilot audits, and introducing model audit files. Experiences gained from similar successful projects within AFROSAI-E—e.g., the support provided to the SAI of Tanzania on improving regularity audit—will prove valuable in ensuring that the partnership is successful.

More information on the INTOSAI-Donor Cooperation can be found on the IDI website at <http://www.idi.no/artikkel.aspx?MIId=15&AIId=497>.

Capacity Building Committee Issues Guide to Strategic Considerations before ISSAI Implementation



Implementing the new ISSAIs is a major challenge facing the INTOSAI community. It will require careful consideration and planning and will affect the whole SAI community. To help SAIs address this challenge, the Capacity Building Committee (CBC), led by the Swedish National Audit Office (NAO), has issued the guide *Implementing the International Standards for Supreme Audit Institutions (ISSAIs): Strategic Considerations*.

In developing the guide, the Swedish NAO consulted widely, in particular with the Professional Standards Committee (as the INTOSAI standard-setting body) and the INTOSAI Development Initiative (IDI), which is providing training and support to INTOSAI regions on ISSAI implementation.

The guide is an important addition to the INTOSAI literature on the ISSAIs. It gives guidance on what to consider and how to establish priorities when making the strategic decision to implement the ISSAIs. The guide highlights areas such as the benefits of implementing the ISSAIs, change management considerations, different audit environments, and the use of resources. While the guide helps identify the steps to take before implementation, it cannot cover the unique circumstances of individual SAIs. Thus, each SAI will need to carry out an assessment based on its own mandate and jurisdiction.

At this stage, it is important for all SAIs to engage actively and openly in the implementation process so that challenges and experiences can be shared among members of the INTOSAI community. While using the same internationally applicable set of standards will take some effort and involve the whole INTOSAI community, the outcome will make it worthwhile in the long run.

The United Kingdom's Department for International Development (DFID) has agreed to fund regional master classes to help INTOSAI members understand and implement this guide and other CBC guides. IDI is managing this funding on behalf of the CBC. All SAIs are encouraged to take advantage of these classes as they are rolled out across each region over the next few years. You can follow developments in your region on IDI's website at <http://www.idi.no/artikkel.aspx?MIId=110&AId=761>.

All SAIs are also encouraged to read, download, and use the guide, which is available on the CBC website (<http://cbc.courdescomptes.ma>) under "Implementing ISSAIs." For additional information contact the CBC at magnus.lindell@riksrevisionen.se.

Subcommittee on Peer Review

Evaluation of someone else's work has been with us as long as humankind itself. While there may be multiple reasons, every evaluation has one principal goal: to assess performance to find shortcomings or gaps, to help to rectify them, and to avoid them in the future.

Open sources suggest that the first description of a professional peer review process is found in *Ethics of the Physician*, by Ishaq bin Ali al-Rahwi (AD 854–931). His work states that a visiting physician notes the patient's condition on every visit. Whether the patient was cured or died, the notes were examined by a local medical council composed of other physicians, who decided whether the treatment had met required standards of medical care.

In short, peer review is the evaluation of performance by other people in the same field in order to maintain or enhance the quality of work or performance in a given field. It is based on the concept that a diverse group of people will usually find more weaknesses and gaps in work or performance and will be able to make a more impartial evaluation than the person or group in question responsible for carrying out the work.

Given the importance of peer review, the Supreme Audit Office (SAO) of the Slovak Republic is proud to assume the chair of the Capacity Building Committee's Subcommittee 3 (Promote best practices and quality assurance through voluntary peer reviews) subsequent to the decision taken at the INTOSAI Governing Board meeting held in China November 19–22, 2012, which approved the transition of the chair from the German SAI to the SAO. Given the results of the German SAI's work, it is going to be a hard act to follow, but the SAO will strive to continue its predecessor's progress.

Since 1999, more than 50 peer review projects have been completed or are being worked on. The special issue of this *Journal* in October 2011 gave detailed inside information on this topic and included the following reflection by Ján Jasovský, the SAO President:

“A peer review enables you to answer the question: 'Who audits the auditor?' By voluntarily undertaking a peer review, you open your work to external assessment and audit based on internationally accepted auditing standards. This is of great importance at both the national and international levels. A peer review is very demanding, but its benefits and added value greatly exceed the demands. Recommendations confirm whether the institution's management is headed in the right direction and advise management on ways to refine its methods to produce more effective work of even higher quality. Considering the unique position SAIs occupy in the public sector and the rapidly changing conditions and new challenges we face, a peer review is a worthwhile investment of time and resources for all participating SAIs.”

As a form of assessment, peer reviews may cover the audit work or organizational functions of an SAI in general or may be limited to only one activity. In regard to the audit area, peer reviews may be restricted to one type of audit—financial, compliance, or performance. In regard to organizational issues, peer reviews may be restricted to individual functions—for example, financial management, the strategic plan, internal control, information systems, or human resource management. It is also possible to combine individual review topics from both audit and organizational areas. When making recommendations, the reviewing SAI should pay due regard to the respective national context of the reviewed SAI. Any recommendations made need to be feasible and flexible. External independent review should show the state of implementation of international standards and overall correctness of internal procedures and provide recommendations for improvement.

Peer review may be carried out for many reasons. The most common is to receive quality assurance about the given SAI's work. To date, the most frequent topics of peer review are (in random order)

- audit approach,
- SAI independence,
- quality management,
- organizational structure and culture,
- financial and performance audit,
- corporate, operational, and strategic planning,
- audit methodology,
- inputs and outputs,
- audit work in general, and
- public relations.

In 2010, the Peer Review Subcommittee prepared a *Peer Review Guide* and *Checklist* that were adopted as ISSAI 5600 at the XX INCOSAI in South Africa. ISSAI 5600's aim is to

- help SAIs to successfully complete all stages of the peer review process,
- highlight the principles and differing options that present themselves when SAIs conduct a peer review,
- present good practice examples (included from former SAI peer reviews), and
- supplement the guide with a checklist that provides suggestions on the potential content and subject matter of peer reviews and may serve as guidance for the team of reviewers.

ISSAI 5600 is a living document that reflects the latest developments and progress in the field of peer review. It includes a feedback questionnaire that invites all INTOSAI members to share ideas and suggestions. The Peer Review Subcommittee will use the feedback to revise the guide and checklist. The first revision of ISSAI 5600 is being prepared and will be presented at the subcommittee's first meeting under SAO chairmanship in June 2013 in Bratislava, Slovak Republic.

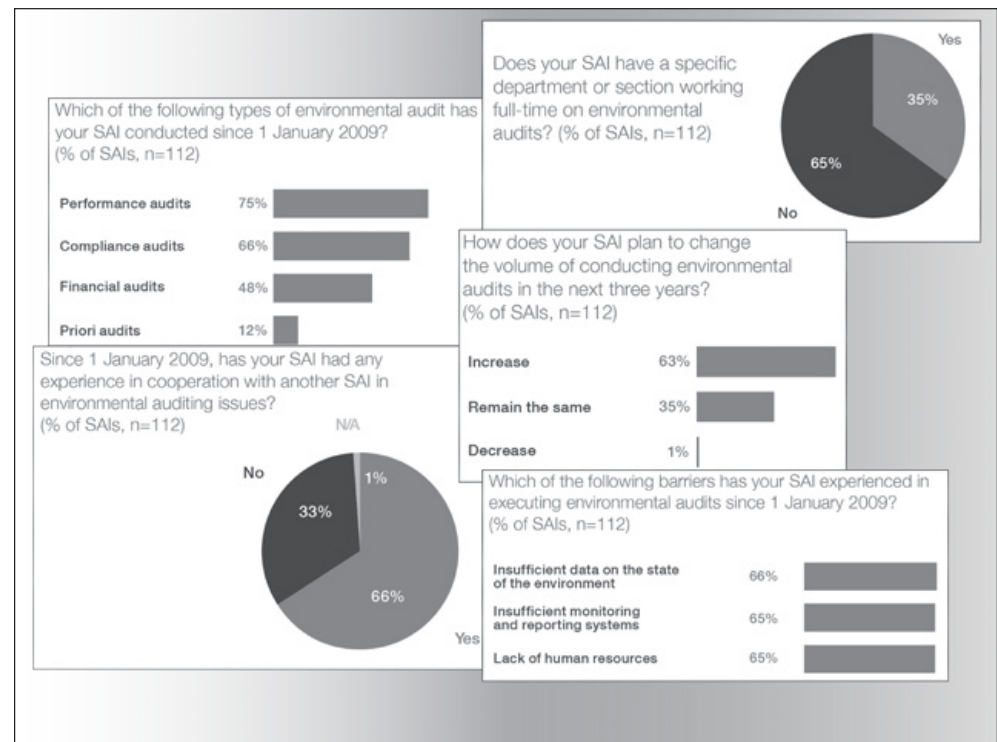
The Peer Review Subcommittee will continue to promote best practices and quality assurance through voluntary peer reviews by assessing and documenting existing peer review arrangements in the INTOSAI community, fostering an environment where SAIs are aware of the benefits arising from voluntary peer reviews, updating the peer review guide and checklist adopted in 2010 on the basis of lessons learned, supplementing both documents with further good practice examples where appropriate, and disseminating peer review results to a larger public as agreed by the SAIs involved.

For additional information, contact the SAO at info@nku.gov.sk.

Working Group on Environmental Auditing

Results of Seventh Survey Show Expansion of Environmental Auditing

The Secretariat of the Working Group on Environmental Auditing (WGEA) has issued a report on the results of the WGEA’s Seventh Survey on Environmental Auditing, which was conducted among INTOSAI members from February–May 2012. The WGEA Secretariat has been conducting surveys since 1993, and the most recent survey focused on the 2009–2011 period.



Some of the results reported for the WGEA survey.

The report summarized contributions from 118 SAIs that either filled in the questionnaire or stated that they had not conducted or were not planning to undertake audits on environmental matters in the near future. The report identified many important trends that reflect general developments in the performance audit practices of SAIs around the world. The main observations in the survey report include the following:

- The number of environmental audits SAIs conducted from 2009 to 2011 increased significantly over the previous period. About two-thirds of respondents indicated that their volume of environmental audits would increase in coming years. More SAIs have also used multilateral environmental agreements in their audits (e.g., as criteria).
- Increased SAI activities in environmental auditing have likely resulted from SAIs becoming more aware of the ways in which their traditional mandate can be applied to examining environmental laws, programs, and policies, rather than as a

result of updates to their legal mandates. Mandates had not been changed for 95 percent of respondents, and the mandate was less frequently regarded as a barrier to environmental auditing.

- SAI reported a remarkable increase in the impact of their environmental audits. Respondents regarded improvements in the functioning of government policies and programs as the area most improved as a result of their environmental audits. Communication of audit findings has been helpful in increasing the impact of audits for almost 80 percent of respondents.
- The most frequent barriers to undertaking environmental audits reported were a shortage of environmental data; insufficient monitoring and reporting systems; and a lack of human resources, skills, and expertise. The survey also revealed a considerable gap between primary development needs (e.g., training in environmental issues and audit and development of environmental performance indicators) and the level of SAI activities to address those needs.
- International cooperation in environmental auditing has intensified since 2009. The exchange of audit information and audits on multilateral environmental agreements have been the main areas of cooperation between SAIs.

The full report of the seventh WGEA survey, which includes results broken down by INTOSAI regions, is available at <http://www.environmental-auditing.org/Home/WGEAPublications/Surveys/tabid/129/Default.aspx>.

Upcoming Assembly Meeting of the INTOSAI Working Group on Environmental Auditing

The 15th meeting of the INTOSAI Working Group on Environmental Auditing (WGEA) will be held June 3–6, 2013, in Tallinn, Estonia. Assembly meetings have always been an excellent opportunity for participants to share experiences, learn from each other, and build a network of peers.

As the most recent WGEA survey indicates, environmental auditing is gaining ground in SAIs around the world. Hence, the meeting will focus on increasing the impact of environmental auditing and will also touch on sustainability issues facing the world today.

Several meeting sessions will be centered on the latest developments in public sector environmental auditing practice along with the challenges and success stories of SAIs that conduct environmental audits.

The WGEA's work plans will also be discussed. The current work plan for 2011–2013 is coming to an end, and its products will include research papers, guidance materials, and other documents cooperatively compiled by more than 40 SAIs. Valuable knowledge gathered during these projects will be shared in tutorials and presentations.

The WGEA is also preparing for the next work period. At the upcoming assembly, all participating SAIs will be invited to sign up for projects in the draft work plan for 2014–2016, which will be presented for approval to the assembly.

All relevant material— e.g., the draft agenda, call for papers, hotel booking form, information on administrative matters, and the registration form—can be found on the WGEA website (<http://www.environmental-auditing.org>). For further information please contact the Secretariat at info@wgea.org.

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

In January 2013 the Professional Standards Committee published for review and comment INTOSAI GOV 9250, *Integrated Financial Accountability Framework (IFAF): Improving information on financial flows of humanitarian aid*. It is available online at <http://www.issai.org/composite-194.htm>, and the review period ends on April 14, 2013.

The Working Group on Accountability for and Audit of Disaster-related Aid developed the IFAF after observing that transfers of humanitarian aid from donors to recipients were not simple, transparent, or easy to trace.

IFAF helps to clarify and simplify the flow of aid from donors to recipients. Each stakeholder in humanitarian aid provides a simple and transparent table showing where the funds it deals with come from and to whom (or on what) they are paid out. These IFAF tables are drawn up on a cash basis using the same data that is used to meet other reporting requirements. The tables are then verified by external auditors and made available to all stakeholders by publishing them on the Internet.

SAIs are asked to give assurance that humanitarian aid arrives at the intended destination. To do so, they need information on the aid that has been provided and how it has been spent. SAIs can use the financial data in the IFAF tables to construct an audit trail and cross-check data for the entity they are auditing to verified data available on the Internet and, where appropriate, to follow up on discrepancies. Data in the IFAF tables can also be used to identify which auditors have audited the same or similar aid flows with a view to coordinating, or collaborating on, audit work.

While SAIs can recommend the use of IFAF tables to stakeholders in humanitarian aid, IFAF implementation can only be carried out with full donor support. The working group has discussed the IFAF with a wide range of stakeholder organisations and tested the preparation of IFAF tables with donors and recipient entities. It is currently examining the inclusion of IFAF requirements into open data initiatives and humanitarian aid data repositories.

The endorsement version of INTOSAI GOV 9250 will be presented to the seventh meeting of the working group in Chile in May 2013 and then to INCOSAI in China in October 2013.

For additional information, contact the working group at <http://eca.europa.eu/portal/page/portal/intosai-aadalhome>.

Finance and Administration Committee Meeting

On October 16, 2012, the National Audit Office of the United Kingdom hosted the eighth INTOSAI Finance and Administration Committee (FAC) meeting in London. At the meeting, committee chair Osama Faquih summarized FAC accomplishments, drawing particular attention to the work associated with monitoring the implementation of the strategic plan, progress with the INTOSAI-Donor Cooperation, an evaluation of INTOSAI finances, and the Task Force on Financial Foresight. Representatives from the INTOSAI General Secretariat, Norway, Mexico, South Africa, China, Ecuador, Saudi Arabia, and the United States attended.



Participants in the eighth INTOSAI FAC meeting in London in October 2012.

Dr. Josef Moser, INTOSAI general secretary, provided a number of administrative updates since the 62nd Governing Board meeting. These included the following:

- The INTOSAI Financial Rules were changed to allow member SAIs to choose the most economical and efficient form to pay their INTOSAI dues. The change also clarified when SAIs and INTOSAI would pay related banking charges.
- Regarding current assessment contributions, as of the end of August 2012, INTOSAI had received some 95 percent of the budgeted amount for annual contributions.
- A transfer of 15,000 euros from financial year 2011 to 2012 enabled the General Secretariat to continue translating the executive summaries of the ISSAIs into all the official working languages of INTOSAI.
- INTOSAI revenue for the first 8 months of 2012 (as of August 22, 2012) amounted to 265,549.67 euros, compared to a total budgeted amount for 2012

of 290,000.00 euros. Total expenses for the same period amounted to 130,067.59 euros compared to budgeted expenses of 231,800.00 euros.

The newly formed Task Force on Financial Foresight (TFFF), chaired by Norway, reported the results of its work to date. This task force was established to examine strengthening of the financial situation of INTOSAI, strategic planning, and emerging issues. The task force reported that about 71 percent of the cost of running INTOSAI comes from in-kind contributions from member SAIs, about 28 percent from the international donor community, and about 1 percent from membership fees. The task force also reported that some of the biggest funding gaps for INTOSAI lie in ISSAI development and maintenance, hosting of INTOSAI events by poorer or smaller countries, budgets for representatives from poorer or smaller countries to participate in INTOSAI, and support to chairs of INTOSAI bodies.

On strategic planning, the task force recommended, and the FAC agreed to, the establishment of a task force under the FAC to develop the next strategic plan. This task force will be led by the SAI of the United States. In addition, the task force recommended the establishment of a high level Standing Supervisory Committee on Emerging Issues. This entity will provide more structured environmental scanning, analysis of the results of this scanning, and development of a response to emerging issues. It will be chaired by the Governing Board chair and will report directly to the INTOSAI Governing Board. FAC members agreed to recommend this standing committee to the Governing Board.

An update on donor cooperation was also addressed at the FAC meeting. For additional information on this initiative, see the “INTOSAI-Donor Cooperation Update” section in this issue of the *Journal*.

For additional information on the FAC meeting, contact the chair at gab@gab.gov.sa.

Task Force on Financial Foresight

The Finance and Administration Committee (FAC) of INTOSAI created the Task Force on Financial Foresight to analyze INTOSAI's funding, strategic planning, and mechanisms for dealing with emerging issues. The task force completed its work in three meetings between January 2012 and January 2013.

Financial Issues

The task force presented the FAC a series of options for consideration to address financial issues identified in the course of the task force's work. The options included the following:

- Designing a financing plan linked to the next strategic plan.
- Establishing a fund or separate budget line for voluntary contributions or external financing.

- Allowing for future real increases in membership fees to go to areas other than the ones currently specified in the financial rules.
- Examining whether INTOSAI could become a certification body for public sector audit.

Another part of the task force's mandate was to examine whether INTOSAI had any funding gaps. The task force surveyed the committee and working group chairs, heads of task forces, the INTOSAI Development Initiative, and this *Journal*. The task force presented some options for addressing funding gaps that survey respondents reported:

- FAC cooperation with the Professional Standards Committee to find a more sustainable financing model for the ISSAI framework.
- Guidance for what is expected from a meeting host (to reduce costs of hosting meetings).
- Guidance for transition planning for committee chairs.

Strategic Planning

Following the task force's reporting, the FAC decided to reestablish the Task Force on Strategic Planning, to be headed by the U.S. Government Accountability Office. The Task Force on Financial Foresight also identified some strategic issues facing INTOSAI. These include strengthening INTOSAI's outreach role, ensuring that sufficient effort and expertise are put into developing and maintaining the ISSAIs, supporting member SAIs that are attempting to become more independent in line with United Nations Resolution A 66/209, and addressing potential threats to SAIs' relevance that result from the global financial crisis.

Emerging Issues

The task force identified the structures INTOSAI has in place for dealing with emerging issues and suggested routines for using those structures. The INTOSAI Governing Board adopted the mechanism and decided at its meeting in November 2012, to establish a supervisory committee on emerging issues to be responsible for some of the routines the task force suggested.

For additional information, contact the task force at ola.boem@riksrevisjonen.no.

EUROSAI

10th Annual Meeting of EUROSAI Working Group on Environmental Auditing

The Audit Office of the Republic of Cyprus hosted the 10th annual meeting of the EUROSAI Working Group on Environmental Auditing (WGEA) October 23-25, 2012. More than 70 participants from 30 supreme audit institutions and four other organizations participated in the meeting, which dealt with sustainable development and data in environmental auditing. A training seminar on auditing of forests was held on the day before the annual meeting.



Participants in the EUROSAI WGEA meeting in Cyprus in October 2012.

The session on sustainable development introduced SAIs to the subject and its status in Europe. It also provided an overview of government responsibility for sustainable development and how auditors can approach this area. To illustrate the latter, SAI presenters addressed different approaches to auditing sustainable development and integrating sustainable development perspectives in audits. The keynote speakers of the session presented (1) the role of the European Union as a driving force for sustainable development, (2) the status, national challenges, and role of sustainable development strategies as a management instrument, and (3) ways to measure the cost of unsustainable development, illustrated through case studies.

The session on data in environmental auditing discussed information about data centers, identified trends, and shared experiences from environmental audits. Speakers presented common ways in which auditors collect and interpret such data and the options and challenges they face in their work. They also shared individual SAI experiences related to potential limitations and challenges when collecting and analyzing environmental data. They discussed the development of, trends in, and availability of environmental data in Europe and presented the results of the INTOSAI WGEA research project on environmental data for auditors.

The 1-day seminar on auditing of forests introduced the 2010 INTOSAI WGEA guide *Auditing Forests: Guidance for Supreme Audit Institutions* and focused on sustainable forest management in the European region. The seminar emphasized the concept of auditing forests, climate change issues related to forestry, and audit methodology, as well as cases and specific audit issues relevant for Europe.

For additional information, contact the EUROSAI WGEA at <http://www.eurosai.org>.

New Audit Tool for IT Auditors

The Control Space for e-Government Audit Project is designed to facilitate audits of e-government. Several SAIs from the EUROSAI IT Working Group are developing an “intelligent” Internet database of e-government audit reports from various SAIs that will provide easy access to information on other SAI reports on e-government audits as well as related articles, presentations, methodologies, databases, and other materials. The idea is to gather interesting information resources and provide them along with basic analysis. For the time being, the information is classified by topics, management functions, risk cases, and project goals.

This database of documents is designed mainly for public auditors working in the e-government area but is available to anyone interested in modern auditing. The tool is available in its early development stage at <http://egov.nik.gov.pl>, and it is hoped that the tool will mature quickly with input from other SAIs.

To read more about the project, please see the website of the SAI of Poland (<http://www.nik.gov.pl/en>). If your SAI has produced an audit report in the area of e-government, please send it to the SAI of Poland (wsm@nik.gov.pl) to be included in the database.

For additional information, contact: pawel.banas@nik.gov.pl or gabriela.beszlej@nik.gov.pl.

New Chair and General Secretariat of OLACEFS

At the XXII Annual Meeting of OLACEFS, held in Gramado, Brazil, in November 2012, a new Chair and General Secretariat for the organization were appointed for the period beginning on January 1, 2013.

The Tribunal de Contas da União do Brasil (Federal Court of Auditors of Brazil) will serve as Chair of OLACEFS until 2015. The General Secretariat will be held by the Contraloría General de la República of Chile (Comptroller General’s Office of the Republic of Chile) until 2018.

For additional information, contact OLACEFS at relacionesinternacionales@contraloria.cl.

PASAI: Management Workshop on ISSAI Implementation

An INTOSAI Development Initiative (IDI)–PASAI Management Workshop was held December 3–5, 2012, in Nadi, Fiji, as part of IDI’s on-going ISSAI Implementation Initiative (3i Program). The 27 participants included 15 heads of SAIs from 16 SAIs in the PASAI region. PASAI is one of the five English-speaking INTOSAI regions in which this global project is being implemented. The workshop was geared for PASAI SAI heads and focused on creating awareness of the ISSAIs and implementing them at the SAI level. In November 2012, similar workshops were held for the CAROSAI and AFROSAI-E regions.

Presentations from each participating SAI provided an understanding and awareness of the diverse issues that SAIs need to address in order to implement ISSAIs successfully. SAIs in the Pacific operate under three different models—the judicial model, the legislative-parliamentary model, and the legislative-congressional model. Because of the different models, crucial issues need to be considered and addressed before some SAIs can implement the ISSAIs. The presentations also focused on the SAIs' understanding of the ISSAIs at levels 2 and 4 of the framework. The following issues were identified as crucial to successfully implementing the ISSAIs in the region:

- how to promote ISSAI implementation in U.S.-affiliated and territorial offices,
- the need for more awareness-raising on the ISSAIs,
- major human resource concerns,
- the need for SAIs to do detailed mapping using the ISSAI Compliance Assessment Tools (iCATs),
- securing stakeholder buy-in for ISSAI implementation, and
- how resistance to change affects the staff of the SAI and its stakeholders.

Strategic considerations for implementing ISSAIs were discussed. The important role of SAI leadership was emphasized, in particular the importance of leading and managing change as a result of implementing the ISSAIs. Heads of SAIs signed an agreement of commitment with IDI and PASAI that will require the SAIs to conduct the iCATs. The SAI heads were asked to use the iCATs to map existing audit practices within their respective SAIs against ISSAI requirements and identify gaps. The SAIs will then formulate an ISSAI implementation strategy based on the results of the iCATs mapping.

The workshop was very valuable and constructive as it provided SAI heads in the Pacific with more information and better understanding of the ISSAIs as well as the global 3i Program. Through discussion and the exchange of views and experiences, the participants became more aware of the numerous and diverse issues to consider when implementing ISSAIs.

For additional information, please contact PASAI (enquiry@pasai.org).

WGITA-IDI Capacity Building Program on IT Audit

The Capacity Building Program on IT Audit is a cooperative effort between the INTOSAI Working Group on IT Audit (WGITA) and IDI. It was piloted in the AFROSAI-E region in September 2012.

Developing Guidelines and Conducting E-courses on IT Audit

One of the expected outputs of the Capacity Building Program on IT Audit is the development of IT audit guidelines and a handbook based on training materials developed for the AFROSAI-E region. To disseminate the guidelines to the wider INTOSAI community, IDI plans to launch an e-course on IT audit using the IT audit guidelines being developed. IT audit experts from the SAIs of India, the United States, Indonesia, and Brazil met January 7–25, 2013, in India to design the e-course and develop the IT audit guidelines.

IDI UPDATE



IT audit experts at the e-course design meeting in India, January 2013.

IDI/AFROSAI-E Program on IT Audit

At a review meeting for the IDI/AFROSAI-E Program on IT Audit in Zambia March 6–8, 2013, 12 SAIs shared their draft audit findings, which were discussed and reviewed by a team of experts and peers. The review meeting was followed by a 5-day training workshop on Enterprise Resource Planning Software (ERPs), with a focus on the use of Computer Assisted Audit Techniques (CAATS) and Audit Management Systems for data extraction and data analysis.

IDI ISSAI Implementation (3i) Initiative

The ISSAI Implementation Initiative, launched by IDI and financed by the World Bank, will run from 2012 to 2014. It is designed for developing countries. To secure the necessary expertise for the initiative, IDI has partnered with the Professional Standards Committee and its subcommittees, the Capacity Building Committee, the INTOSAI regions, and other professional bodies. The main focus is on implementing the ISSAIs at levels 2 and 4 of the framework, with emphasis on level 4 ISSAIs on financial, compliance, and performance audit. The first round of online training e-courses on ISSAI implementation skills was conducted from October to December 2012 for 261 participants from 67 SAIs in the five English-speaking regions. To date, this has been the biggest program organized by IDI.

Management workshops for the 3i Program were conducted during February and March 2013 in Cambodia and Bosnia for SAIs belonging to ASOSAI and EUROSAI, respectively. The workshops are designed to create awareness of ISSAIs, discuss and strategize considerations in implementing the ISSAIs, and share experiences related to ISSAI implementation.

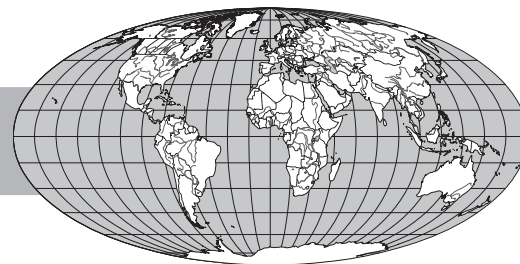
Contacting IDI

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

E-mail: idi@idi.no

Website: <http://www.idi.no>

INTOSAI 2013 Events



<p>April</p> <p>16-18 EUROSAI/ARABOSAI Conference, Baku, Azerbaijan</p> <p>22-24 Meeting of the Working Group on Key National Indicators, Krakow, Poland</p> <p>22-23 Performance Auditing Seminar, Working Group on IT Audit, Vilnius, Lithuania</p> <p>25-26 Meeting of the Working Group on IT Audit, Vilnius, Lithuania</p>	<p>May</p> <p>13-15 Meeting of the Working Group on Accountability for and Audit of Disaster-related Aid, Valparaiso, Chile</p> <p>27-28 Meeting of Performance Audit Subcommittee, Ottawa, Canada</p> <p>27-29 Meeting of the Working Group on Public Debt, Santiago, Chile</p> <p>29-30 Meeting of the Finance and Administration Committee, Washington, D.C., United States</p> <p>30 Meeting of the EUROSAI Governing Board, Brussels, Belgium</p>	<p>June</p> <p>3-6 Working Group on Environmental Auditing Assembly, Tallinn, Estonia</p> <p>6-7 Meeting of the Capacity Building Committee's Subcommittee 1, Tunis, Tunisia</p> <p>13-14 Meeting of Capacity Building Committee's Subcommittee 3, Bratislava, Slovak Republic</p> <p>18-19 Steering Committee meeting, Professional Standards Committee, Stockholm, Sweden</p> <p>23-27 ARABOSAI General Assembly, Kuwait</p>
<p>July</p> <p>3-5 Meeting of the Working Group on the Value and Benefits of SAls, Lima, Peru</p>	<p>August</p>	<p>September</p> <p>TBD PASAI Congress, Guam</p>
<p>October</p> <p>21 64th INTOSAI Governing Board meeting</p> <p>22-27 INCOSAI XXI, Beijing, China</p> <p>26 65th INTOSAI Governing Board meeting</p>	<p>November</p>	<p>December</p>

TBD = To be determined

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.

INTOSAI

