

INTOSAI



# JOURNAL

INTERNATIONAL  
of GOVERNMENT AUDITING



October 2008

October 2008

Vol. 35, No. 4



# INTERNATIONAL Journal of GOVERNMENT AUDITING

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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:

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

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

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<http://www.intosaijournal.org>



In the inaugural issue of this *Journal* in January 1974, the editorial was entitled “International Communication” and noted that the *Journal’s* establishment was “inspired by the need for a greater understanding, on a world-wide basis, of the government auditor’s common problems.” Today, 34 years later, communication remains at the heart of INTOSAI’s motto, “Mutual Experience Benefits All.” The open and honest exchange of experience and the free flow of information among INTOSAI members are essential to continuous improvement for all of us. The *Journal* is proud to play a central role in this effort.

In this spirit, INTOSAI members and others in the international accountability community are encouraged and invited to write for the *Journal*. This editorial presents some ideas on how to do this. We believe that this is a particularly timely topic as INTOSAI’s task force on communications prepares to meet in Vienna in November 2008.

Contributions to the *Journal* can take many forms:

**Editorials:** In an editorial, heads of supreme audit institutions (SAI) and leaders of other accountability organizations and partner institutions have the opportunity to express views and thoughts on issues and challenges that are of particular concern to our community. Often provocative, editorials provide a “view from the top” and have been invaluable in framing discussions and advancing INTOSAI’s goals. Over the years, editorials have been written not only by INTOSAI leaders but also by the Secretary General of the United Nations, the President of the World Bank, and the President of the Institute of Internal Auditors, among others. Editorials are generally about 1,000 words long.

**Articles:** In keeping with the *Journal's* use as a teaching tool for audit practitioners, articles most likely to be accepted are those that deal with practical issues facing government auditors. For example, we welcome case studies that describe knowledge learned from actual work experience, including audit techniques and methodology. Articles on best practices and lessons learned are always useful to our readers, but theoretical or academic articles are generally not considered for publication.

Articles are generally 1,500–2,000 words long and can include illustrative graphs and charts as appropriate. Prospective authors are asked to consider the words of Cicero—the Roman statesman, philosopher, orator, and writer—who said, “When you wish to instruct, be brief, so that men’s minds take in quickly what you say, learn its lesson, and retain it faithfully. Every word that is unnecessary only pours over the side of a brimming mind.”

**News in Brief:** News items on numerous topics are appropriate, including but not limited to the following:

- new auditors general (biographical information and photographs),
- annual audit reports,
- special SAI reports and publications,
- new audit and evaluation methodologies,
- new audit legislation or developments in an SAI’s mandate, and
- training and professional development programs conducted by SAIs.

News in Brief items are generally three to four paragraphs long.

**Inside INTOSAI:** Here readers find news about the work of INTOSAI’s committees, working groups, and task forces, as well as reports from our seven regional working groups, the General Secretariat, and other special programs, such as the biennial United Nations/INTOSAI seminar. In advance of each issue, *Journal* staff solicit items for this section directly from the heads of these groups. Like News in Brief items, Inside INTOSAI reports are generally three to four paragraphs long. In all cases, we publish contact information so readers can learn more about INTOSAI’s work and programs.

**Other regular features:** Staff responsible for the INTOSAI strategic plan and the INTOSAI Development Initiative (IDI) prepare regular updates on their work. Each issue of the *Journal* also features a calendar of regional and INTOSAI-wide events, and we invite organizers of such events to send us the relevant dates and locations.

The *Journal* welcomes the opportunity to be an active contributor to INTOSAI’s communications strategy and to work with our partners to help achieve its goals. The strategy identifies the following five objectives:

- raise the knowledge of INTOSAI members to a uniform level by using existing means of communication,
- support INTOSAI members and promote convergence,
- convey the concerns of government audit to decision-makers and opinion leaders,
- strengthen the standing and reputation of SAIs and INTOSAI, and
- disseminate the benefits of SAIs and INTOSAI among partner organizations.

When the *Journal* began in 1974, it was the principal means of communication for our community. Today, we have many communication vehicles—including journals and newsletters published by regional working groups and committees, INTOSAI circulars, and the Internet, as well as informal and personal communication networks that bring us together. The *Journal* is committed to working collaboratively through our print editions and, increasingly, through our Web site (which we plan to make more robust and dynamic) as part of INTOSAI's communications strategy. All of us at the *Journal* look forward to hearing from you and working with you to advance our profession.

#### **Contact the *Journal***

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# NEWS

IN

*brief*



## *Bangladesh*

### **New Comptroller and Auditor General Named**

Ahmed Ataul Hakeem has been named the 10th Comptroller and Auditor General of Bangladesh. Prior to his appointment, he served as the Controller of General Defense Finance in the Ministry of Defense.



Ahmed Ataul Hakeem

Mr. Hakeem joined the Bangladesh Civil Service Audit and Accounts

cadre in March 1979. During his distinguished career in the Civil Service, he worked both in accounts offices and audit directorates of the Audit and Accounts Department. He also served as the first ever Chief Accounts Officer of the Government of Bangladesh.

Mr. Hakeem worked as the Director/Deputy Secretary in the budget wing of the Finance Division of the Ministry of Finance from 1991–1997. He became the Director General of the Audit Department in 1997 and was head of the Financial Management Academy for 5 years. He also served as Director General of the Civil Audit Directorate. From 2004–2005, he was posted as the Deputy Comptroller and Auditor General (Senior) at the Office of the Comptroller and Auditor General of Bangladesh.

Mr. Hakeem has a bachelors and a masters degree in economics from the University of Dhaka in Bangladesh and a masters degree in development finance from Birmingham University in the United Kingdom. He also has a certificate in public sector budgeting from Harvard University in the United States and a post-graduate diploma in management from the Bangladesh Open University. He is a fellow of the

Institute of Cost and Management Accountants of Bangladesh.

### **Medium-Term Budget Framework System Auditing**

In 2005, the government of Bangladesh introduced the medium-term budget framework (MTBF), whose main features are a medium-term outlook on budget planning, an explicit link between policy priorities and resource allocations, and an emphasis on the efficient use of limited public resources. Under the MTBF system, the principal accounting officer, who is also chief executive of the ministry/department, is given increased authority and responsibility over the budget. During the initial phase, a few ministries and divisions have started developing their budgets using MTBF procedures.

The SAI of Bangladesh recently started to audit the ministry accounts maintained since the introduction of the MTBF system. Their audit approach is different from the one used for financial audits of ministries with conventional budgets. A system-based audit of the financial statements, compliance with rules and regulations, and internal control system of the auditee analyzes

whether the ministry/department is making expenditures in accordance with targets fixed under the MTBF.

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

E-mail: [international@cagbd.org](mailto:international@cagbd.org)  
Web site: [www.cagbd.org](http://www.cagbd.org)

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## Canada

### Employee Survey Results Show Satisfied and Engaged Employees

The Office of the Auditor General of Canada (OAG) seeks to provide a work environment where employees are satisfied and engaged. Such an environment reflects the values that define how the OAG conducts its work: respect, trust and integrity, and leading by example.

The OAG has set the target of maintaining a minimum level of 80 percent employee satisfaction. To evaluate its performance in achieving this objective, the OAG surveys its employees every 2 years. A record 93 percent of employees responded to the most recent survey in May 2008—a response rate that eclipses the 65 percent average among organizations that conduct employee surveys.

Most employees (92 percent) said they feel proud to work for the OAG and consider it to be well run, with clarity of direction and strong support for its vision and values. And 88 percent believe the OAG is one of the best organizations to work for.

Even with these positive results, Auditor General Sheila Fraser believes there is always room for improvement. A volunteer employee committee is reviewing the survey results to identify

actions to maintain and increase employee satisfaction. It will present its recommendations to the OAG's Executive Committee and to all staff in the fall of 2008.

For additional information, contact the OAG:

E-mail: [communications@oag-bvg-gc.ca](mailto:communications@oag-bvg.gc.ca)  
Web site: [www.oag-bvg.gc.ca](http://www.oag-bvg.gc.ca)

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## Czech Republic

### Supreme Audit Office Celebrates Its 15th Anniversary

The Supreme Audit Office (SAO) of the Czech Republic is celebrating its 15th anniversary in 2008. Fifteen years constitute only a brief segment in the history of the nation's external audit function, which dates back 200 years and has undergone many changes during that time. On the occasion of the SAO's anniversary, Frantisek Dohnal, President of the SAO, congratulated and expressed his thanks to all those who had served the office in the past.



Frantisek Dohnal, President of the Czech SAI

According to the Constitution of the Czech Republic, the executive branch cannot intervene in the planning and performing of audits. Unfortunately, the democratic development of auditing practices in the Czech Republic was interrupted from the 1950s through 1993. The SAI was an independent entity until the 1950s, when the communist regime established the Ministry of State Control. The ministry came under the control of the government, which dictated what the ministry should and, at times, should not focus on when performing audits. The SAO did not begin to seek new ways to develop a standard set of operating procedures and change its policies until the 1990s.

At present, the SAO has the authority to identify and report on any problems it identifies. The Parliament of the Czech Republic is the SAO's partner since it delegates tasks to the executive branch and monitors the performance of those tasks. In addition to performing audits, the SAO promotes the adoption of best practices by all those working in the auditing arena.

The building the SAO inherited from the ex-Ministry of State Control did not satisfy its structural or space requirements. At the beginning of 2007, the SAO moved to new rented offices in Prague in a modern administration center that provides enough space for all its employees and representatives and can accommodate the future expansion of the SAO's activities.

For additional information, contact the SAO:

E-mail: [efrantisek.dohnal@nku.cz](mailto:efrantisek.dohnal@nku.cz)  
Web site: <http://www.nku.cz>

## *Iceland*

### **New Auditor General Appointed**

The President of the Icelandic Parliament has appointed Sveinn Arason as the new Auditor General of the Icelandic National Audit Office, effective July 1, 2008. In accordance with the National Audit Act, the appointment is for a term of 6 consecutive years. Mr. Arason replaces Sigurdur Thordarson, who retired at the end of June after 16 years in office.



Sveinn Arason

Mr. Arason graduated from the University of Iceland in 1972 and became a certified public accountant in 1976. Prior to his appointment, he had served as head of the financial audit division of the Icelandic National Audit Office since 1972. Mr. Arason has been a member of the Board of Auditors of the European Free Trade Association since 1992.

For additional information, contact the National Audit Office:

E-mail: [postur@rikisend.is](mailto:postur@rikisend.is)  
Web site: [www.rikisend.is](http://www.rikisend.is)

## *Jamaica*

### **New Auditor General Appointed**

In April 2008, Mrs. Pamela D.M. Monroe Ellis was appointed as the Auditor General of Jamaica. Before her appointment, Mrs. Monroe Ellis had served as the Divisional Director of Audits of the Auditor General's Department since 2002. From 1997 to 2002, she held a variety of appointments within the organization, including Senior Director of Audits.



Pamela D.M. Monroe Ellis

Mrs. Monroe Ellis is an active member of the Institute of Chartered Accountants of Jamaica (ICAJ) and serves on several committees, including most recently the Integrity Commission of Jamaica and the Commission for the Prevention of Corruption. She is also a recipient of the ICAJ award for outstanding performance at the final level of the Association of Certified Chartered Accountant (ACCA) examinations.

Mrs. Monroe Ellis is certified as a chartered accountant, information systems auditor, and internal auditor. She also serves as a fellow at both the ACCA and ICAJ.

For additional information, contact the Auditor General's Department:

E-mail: [audgen1@cwjamaica.com](mailto:audgen1@cwjamaica.com)  
Fax: +1 876 968-4690

## *Korea*

### **New Chairman of the Board of Audit and Inspection**

In September 2008, Hwang Sik Kim was appointed to be the new Chairman of the Board of Audit and Inspection (BAI) of the Republic of Korea. In this capacity, he also serves as a member of the Governing Board of INTOSAI. He succeeds Yunchurl Jeon, who retired from office in May 2008.



Hwang Sik Kim

Mr. Kim has had a lengthy and distinguished career as a judge and brings to his new position a wealth of experience and knowledge in law.



Earlier in his career, he served as a judge in various courts in Korea, including positions as a High Court Senior Judge and Senior Judge in District Courts. Before his appointment as Chairman of the BAI, he had served as a Supreme Court Justice since 2005.

During his studies in Germany in the early 1970s, Mr. Kim researched civil law, focusing on real estate registration law. Later, he contributed to the development of real estate registration law in Korea. As a leading advocate for an innovative trial system, he played a major role in adopting Korea's concentrated trial system. He also served as a renowned researcher of the Supreme Court and is a prolific author of books and papers on civil law and civil proceedings.

In his inauguration speech, Chairman Kim affirmed the importance of the rule of law for both the development of the nation and the quality of life.

Mr. Kim obtained an LL.B. from the College of Law of Seoul National University in 1971.

For additional information, contact the Board of Audit and Inspection:

E-mail: [koreasai@koreasai.go.kr](mailto:koreasai@koreasai.go.kr)  
Web site: [www.bai.go.kr](http://www.bai.go.kr)

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## Latvia

### Anniversary of the State Audit Office

The State Audit Office of the Republic of Latvia (SAO) celebrated its 85th anniversary on August 29, 2008, with a ceremony attended by the President of Latvia, the Speaker of the Parliament, the Prosecutor General, and other guests. During the ceremony, Auditor General Inguna Sudraba evaluated

the accomplishments of the SAO and identified its main goals for the future.

The SAO was established in 1923, and since then it has experienced major changes and developments. Between World War II and the reestablishment of the independent Republic of Latvia, there was no independent supreme audit institution in Latvia, although there were state audit institutions with different names, tasks, and aims.

The current SAO was founded as the independent collegial supreme audit institution of the Republic of Latvia in August 1992. As a key element in the state's financial control system, the SAO serves the public interest by providing independent assurance on the effective and efficient utilization of central and local government resources.

For additional information, contact the SAO:

E-mail: [lrvk@lrvk.gov.lv](mailto:lrvk@lrvk.gov.lv)  
Web site: [www.lrvk.gov.lv](http://www.lrvk.gov.lv)

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## Malaysia

### Design and Development of a Performance Audit Course

In June 2008, the Malaysian National Audit Academy held a 7-day workshop to design and develop a performance audit course for trainers/auditors from the Audit Board of the Republic of Indonesia. The workshop was one of the activities planned under the cooperation agreement signed last year between the Malaysian and Indonesian SAIs.

Seven trainers/auditors and four observers from the Indonesian SAI and five trainers from the Malaysian SAI participated in the workshop, which was conducted by Roslan bin Abu

Bakar, an experienced trainer who is also an ASOSAI training specialist.

The workshop's objective was to develop and design performance audit course materials on health issues, including a case study based on ASOSAI performance audit training guidelines. At the end of the workshop, the participants expressed their appreciation for the opportunity to exchange ideas and experiences on designing effective performance audit training materials.

For additional information, contact the National Audit Academy:

E-mail: [ljbaudit@audit.gov.my](mailto:ljbaudit@audit.gov.my),  
[ag@audit.gov.my](mailto:ag@audit.gov.my)  
Web site: [www.audit.gov.my](http://www.audit.gov.my)

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## Nauru

### New Director of Audit Appointed

In May 2008, the President of the Republic of Nauru appointed B.R. Mondal to a 2-year term as the Director of Audit. Prior to his appointment, Mr. Mondal had been a member of the Indian Audit and Accounts Service under the Comptroller and Auditor General of India. Since 1994, he had served as the Senior Deputy Accountant General, the Deputy Accountant General, and the Director of Commercial Audits in different provinces throughout India.

Mr. Mondal worked in a variety of areas during his long career in the Indian public service. He worked in government accounts, public works audits, and certification audits for World Bank projects. He also served as the alternate course director of the international training program on audits of the energy sector. Mr. Mondal spent a brief time in the United Kingdom's

National Audit Office as an expert on financial attestation audits. He is also an expert in sustainable development.

Mr. Mondal holds a masters of science degree in sustainable development and business administration and is currently working on his Ph.D in management

For additional information contact the Nauru Audit Department:

Fax: ++674 444 32 36

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## *Netherlands*

### **New Board Member of Court of Audit**

In October 2008, Gijs de Vries was appointed a member of the board of the Netherlands Court of Audit. He joins the two other board members, Saskia J. Stuiveling (President) and Gerrit de Jong. Before his appointment, Mr. de Vries was a senior fellow at Clingendael, the Netherlands Institute of International Relations.



Gijs de Vries

Mr. de Vries replaced Pieter Zevenbergen, who retired from the board in October. Mr. Zevenbergen had been a member of the Court of Audit since May 1999.

During his 9 years on the board, Mr. Zevenbergen was involved in a wide range of issues. He had a particular interest in developments in public private partnerships, legal entities with statutory tasks, and monitoring. Mr. Zevenbergen was also a strong supporter of the Court of Audit's international work. He played an active role in cross-border environmental auditing and the establishment of audit offices in a variety of countries, especially in Africa.

For additional information, contact the Court of Audit:

E-mail: [internationalaffairs@rekenkamer.nl](mailto:internationalaffairs@rekenkamer.nl)

Web site: [www.rekenkamer.nl](http://www.rekenkamer.nl)

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## *Puerto Rico*

### **Annual Initiative to Improve Public Administration and Prevent Corruption**

The Office of the Comptroller of Puerto Rico carries out an annual program to improve public administration and prevent corruption. The program encourages government officials to strengthen internal controls in their offices and promote higher administrative standards. Under the program, circular letters are sent to the three branches of government and identify certain criteria or evaluation elements with which the entity must demonstrate compliance. Each criterion or evaluation element is based on a law, regulation, or norm of sound public administration, and the values assigned to the criteria or evaluation elements total 100 points.

Once a year, auditors from the Puerto Rican SAI visit the entities to evaluate their compliance and recognize those entities that score 80 points or more. As part of the strategy, the auditors also assist government entities by explaining the criteria or evaluation elements and providing practical means to achieve them. The strategy is designed to reward compliance rather than to penalize the failure to comply.

The criteria or evaluation elements include maintaining up-to-date accounting registries and banking reconciliations; preparing financial information according to applicable laws; maintaining a balanced budget without overdrafts; preparing a strategic plan; complying in a timely manner with corrective action plans to address recommendations of internal and external auditors; establishing and promoting an ethical culture and ethical values; carrying out an effective internal audit activity; and performing annual risk assessments of the entity.

For the year ended June 30, 2007, entities in the legislative, judicial, and executive branches, including the offices of legislators in the Senate and House of Representatives, were evaluated. Of the 317 identified government entities, 263 (83 percent) participated voluntarily and 213 (67 percent) received certificates of recognition. All 27 senators and 49 of the 51 representatives participated in the project and obtained certificates of recognition. In May 2008, the results of this audit strategy were disclosed through the publication of 11 special reports. These reports and the circular letters describing the criteria and evaluation elements are available on the Web site of the Puerto Rican SAI.

For additional information, contact the Office of the Comptroller of Puerto Rico:

E-mail: [ocpr@ocpr.gov.pr](mailto:ocpr@ocpr.gov.pr)

Web site: [www.ocpr.gov.pr](http://www.ocpr.gov.pr)

## Sweden

### New Auditor General

In July 2008, the Swedish Parliament appointed Claes Norgren to a 7-year term as one of the three Auditors General who head up the Swedish National Audit Office. He joins Karin Lindell and Eva Lindström, who will continue in their respective offices as Auditors General.



Claes Norgren

Mr. Norgren has a bachelor of science degree in business administration and economics. He previously served as Director General for the Swedish Competition Authority (2003–2008) and the Swedish Financial Supervisory Authority (1993–2003). Before that time, Mr. Norgren was the Deputy Governor of Sweden's central bank (1990–1993) and Director of Funding and Loans in the Swedish National Debt Office (1987–1990).

Mr. Norgren has been chairperson of the Swedish Agency for Government Employers and a member of the European Commission Banking

Advisory Committee, the Basel Committee on Banking Supervision, and the Financial Action Task Force against Money Laundering.

For additional information, please contact the Swedish National Audit Office:

E-mail: [iint@riksrevisionen.se](mailto:iint@riksrevisionen.se)  
Web site: [www.riksrevisionen.se](http://www.riksrevisionen.se)

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## Correction

On p. 2 of the January 2008 issue of this *Journal*, the article whose authors received the Elmer Staats Award at the XIX INCOSAI was incorrectly identified as having been published in the April 2006 issue. The article was published in the April 2004 issue.

This article is adapted from an address to the Australian Institute of Project Management on October 9, 2007, entitled "Project Management—Some Reflections on the Management of Projects in the Australian Public Sector."

## Project Management in the Public Sector

by Ian McPhee, Auditor General of Australia

Managing and implementing projects well are important issues for the public sector. The government tasks the public sector to use public resources to deliver large and complex projects for the benefit of its citizens.

Implementing new government programs presents the same challenges as implementing projects and should be considered in this context. It goes without saying that government programs or policies need to be delivered on time, on budget, and in accordance with expectations—this is no easy task given the complexity of the environment in which public administration is delivered. The same is true for projects that contribute to the delivery of government outcomes.

In recent years, the Australian National Audit Office (ANAO) has reviewed public sector projects ranging from the implementation of major information technology (IT) systems, to the acquisition of defense capability, to the sale of assets. Our reports on these reviews give an important message: while project management may be the centerpiece, other key variables in the equation include governance arrangements, people skills, and stakeholder involvement in systems that give visibility to project status. Not surprisingly, the most disappointing project outcomes demonstrate that the failure to pay close attention to any of these variables puts projects at risk.

As the links between entities, programs, and functions become more complex, our environment continues to become more challenging. This means that project managers need to deal with a greater level of interconnectedness, especially with technological enablers that help support program delivery.

While the fundamentals of project management may not change significantly, risk management is becoming increasingly important. Achieving program outcomes often requires the involvement of many levels of government, other entities, and the private sector. If implementation doesn't go according to plan, increasing levels of interdependence bring additional risks and costs. Significant interdependencies include partners that play a key role in determining whether or not a project is successful and the effect on partners that rely on projects being delivered on time.

In addition to having the necessary technical skills, successful project managers need to have skills in managing relationships. For example, they need to be able to handle the pressures that inevitably come with managing larger and more complex projects; they also need to have the skills to interact with stakeholders with technical competence, timeliness, courtesy, and respect.

### Keys to Improving Project Management

In view of these trends, the ANAO's experiences point to the following four factors as key to improving project management in the Australian government.

**Greater recognition of the importance of project management in delivering outcomes for government.**

Project management is the key to turning government's policies and aspirations into results. This has been recognized recently in a number of ways. For example, a Cabinet Implementation Unit was established to track the implementation of key new programs and budget measures. Also, the ANAO and the Department of Prime Minister and Cabinet issued a joint better practice guide entitled *Implementation of Programme and Policy Initiatives: Making implementation matter*.

**Methodologies designed to better manage risks to successful delivery.**

Project managers need a risk management methodology to assist them in delivering a structured approach to planning risk management. Risks associated with projects have to be treated in a positive and proactive way. Another significant contribution to managing project risks is employing an appropriate project management methodology to plan, record, and monitor project performance.

**Increased investment in developing staff project management skills.**

It is critical that suitably qualified and experienced staff be available in both the public sector and industry. Entities increasingly recognize the need to have a highly trained workforce to manage projects, and they have implemented a range of initiatives designed to improve the skills of their project managers.

**Better understanding of the success factors in managing projects.**

There is an increasing body of knowledge about what works best, and the Australian government's ability to manage projects can be further improved through continuous learning. Two initiatives in this context are worthy of mention: the use of a formal assessment process to measure project maturity and the establishment of project management offices that provide centralized project and management support and services across the entity.

## **Steps in Project Management**

Projects are much more likely to result in successful outcomes when the following project management steps have been taken:

- **Prepare a comprehensive business case.** The case should address issues such as the expected benefits, estimated costs, risks to successful outcomes, and proposed governance arrangements. It is important that predicted or estimated project benefits be quantified to the greatest extent possible. The benefits should be factually and objectively based.
- **Complete a formal risk assessment.** This assessment should identify risks and outline appropriate mitigation strategies for each risk. Where these judgments are critical to successful program or policy outcomes, they need to be undertaken by senior managers and be subject to intensive scrutiny.

- **Identify internal and external resource requirements and commit the necessary resources.**
- **Establish governance arrangements and clearly communicate them to all parties.** These arrangements should cover project ownership, approvals, ongoing monitoring, and review and project sign-off. Increasingly, such arrangements will need to address the responsibilities of other entities that have a stake in the project outcome.
- **Follow proper recordkeeping practices.** Particular attention should be given to ensuring that key decisions, and the rationale for them, are documented.
- **Establish appropriate probity and quality assurance arrangements.**
- **Set up administrative arrangements for the project.** In particular, robust financial management of all project costs is required for the life of the project.

### **ANAO Reports on Project Management**

The following ANAO audit reports give additional information about project management in the Australian context. All ANAO publications can be found on the ANAO's Web site: [www.anao.gov.au](http://www.anao.gov.au)

- ANAO Audit Report No. 24, 2006-07, *Customs' Cargo Management Re-engineering Project*
- ANAO Audit Report No. 34 2006-07, *High Frequency communication system Modernisation Project*
- ANAO Audit Report No. 11 2007-08, *Management of the FFG Capability Upgrade*
- ANAO and Department of Prime Minister and Cabinet, Better Practice Guide, *Implementation of Programme and Policy Initiatives: Making implementation matter* (October 2006)

For additional information, contact the author at [ian.mcphee@anao.gov.au](mailto:ian.mcphee@anao.gov.au).

## Audit Profile: The Auditor-General's Office of Singapore

by Lim Soo Ping, Auditor-General of Singapore



Lim Soo Ping

### History

The beginnings of the Auditor-General's Office of Singapore can be traced back to 1867 when Singapore was a British colony. Archival records from the 19th century show that the Audit Office in Singapore submitted annual reports on the accounts of the "Straits Settlements" to the Colonial Secretary in London.

Shortly after Singapore became a sovereign state in 1965, the Constitution of the Republic of Singapore and the Audit Act were enacted. Under this legislation, the Director of Audit (as the Auditor-General was then called) reported to the President of Singapore. In the late 1980s, the Audit Department was renamed the Auditor-General's Office (AGO).

AGO's mission is to audit and report to the President and Parliament on the proper accounting of public moneys and the economic, efficient, and effective use of public resources to enhance public accountability.

### Statutory Duties of the Auditor-General

The Auditor-General is required to audit all government ministries, departments, and other public authorities and bodies as prescribed by written law. Where the enabling act of a public authority or body does not so provide, the Auditor-General may audit the accounts at the request of that public authority or body.

The Auditor-General audits the accounts of 15 government ministries and 7 state organs. The public authorities under AGO's audit purview comprise mainly statutory boards,<sup>1</sup> which AGO audits on a rotational basis. During the time between AGO audits, the statutory boards are audited by public accounting firms that are appointed in consultation with the Auditor-General.

The Auditor-General also has a role, most likely unique to Singapore, in protecting the country's reserves. Under the constitution, the President of Singapore has discretionary and custodial powers to safeguard past reserves accumulated by the government. Past reserves, which the government does not accumulate during its current term of office, can only be used with the President's concurrence. The Constitution requires the Auditor-General to inform the President of any proposed government transaction that, to his knowledge, is likely to draw on past reserves.

<sup>1</sup>A statutory board is a body that is established or constituted by or under a public act and that has a public function.

*editor's note*

In 2008, the Auditor-General's Office of Singapore rejoined INTOSAI after an absence of more than 20 years. In this audit profile, Mr. Lim updates INTOSAI members on the current state of affairs in his office.

### Independence

To ensure the independence of the Auditor-General, the Constitution provides that he be appointed by the President and dictates that he cannot be arbitrarily removed from his position and his salary cannot be reduced by the government. His duties and responsibilities (including audit scope and coverage) are spelled out in the Constitution and the Audit Act. To carry out his work, the Audit Act empowers the Auditor-General to have access to all books, records, and reports relating to the accounts subject to his audit and to comment on all matters relating to public accounts and public moneys. The Report of the Auditor-General is submitted to the President and presented to Parliament annually.

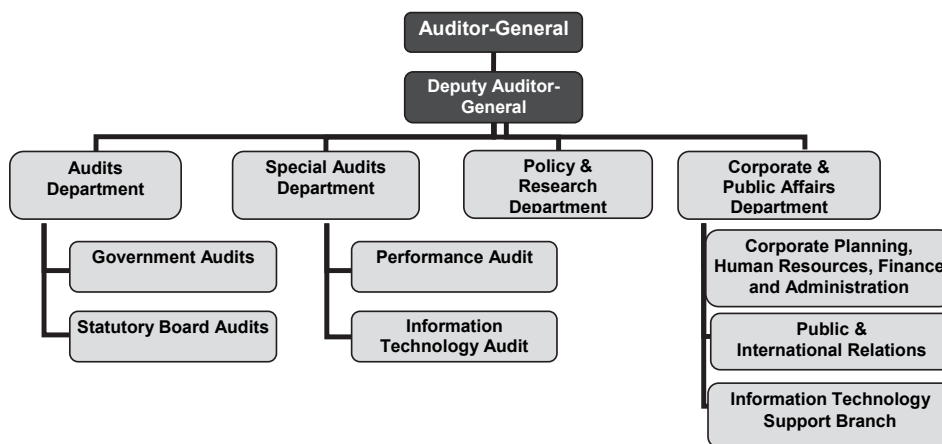
### Public Accounts Committee

The Public Accounts Committee (PAC), a select committee of Parliament, reviews the Report of the Auditor-General. The PAC conducts inquiries into selected issues by calling on ministries to (1) account for lapses identified in the report and (2) update the PAC on corrective actions being taken. The Auditor-General attends the PAC meetings and provides clarification on his report and other audit issues raised by the committee. The PAC reports its findings, conclusions, and recommendations to Parliament.

### Organization

The Auditor-General is assisted by a Deputy Auditor-General and two Assistant Auditors-General. As shown in figure 1, AGO’s organization comprises four departments, namely the Audits Department, the Special Audits Department, the Policy and Research Department, and the Corporate and Public Affairs Department.

Figure 1: AGO Organization Chart



The Audits Department is responsible for financial and compliance audits on the accounts of government ministries and departments and other public authorities.

The Special Audits Department is responsible for performance audits and information technology audits.



The Policy and Research Department is responsible for formulating and implementing AGO's policies and conducting research.

The Corporate and Public Affairs Department is responsible for the corporate and administrative functions, including international and public relations.

### **Personnel**

Our auditors come from various disciplines, in particular accounting, commerce, engineering, and computer and information science. About half are Certified Public Accountants (CPA); a number of them have other professional qualifications, such as Certified Information Systems Auditor (CISA), Chartered Financial Analyst (CFA), and Certified Internal Auditor (CIA).

### **Professional Development**

AGO has in place a structured training and development program that covers foundational, professional, and leadership training. AGO's training academy carries out its training and development program through an array of formal courses, self-study, and on-the-job training. Officers with high leadership potential are sponsored for overseas training, such as the International Auditor Fellowship Program at the U.S. Government Accountability Office.

AGO is represented in a number of professional bodies and committees in Singapore. These include the Auditing and Assurance Standard Committee of the Institute of Certified Public Accountants of Singapore (ICPAS) and the Advisory Committee on Accounting Standards for Statutory Boards.

AGO also emphasizes the importance of public education because a parliamentary democracy is better served if the general public is familiar with the concept and practice of public accountability. AGO achieves this through its Web site and publications as well as briefings/seminars to public officers. The AGO Academy contributes to the public education effort by offering courses for officers in the public sector.

### **International Cooperation**

In the past year, AGO has received delegations from various SAIs. As an INTOSAI member, we look forward to further exchanges, especially through contacts made through the INTOSAI network and programs. They provide useful opportunities for the sharing of knowledge and experience in government auditing and for discussing common issues relating to challenges SAIs face in a rapidly changing globalized world.

For further information, contact the Auditor-General's Office:

E-mail: [ago\\_email@ago.gov.sg](mailto:ago_email@ago.gov.sg)

Web site: [www.ago.gov.sg](http://www.ago.gov.sg)

## 20th Conference of Commonwealth Auditors General

by Sallyanne Harper, U.S. Government Accountability Office

The Bermuda National Audit Office hosted the 20th Conference of Commonwealth Auditors General July 6-9, 2008. The Commonwealth comprises 53 nations and 2 billion people, approximately 30 percent of the world's population.

More than 45 Commonwealth SAIs were represented at the conference. Participants also included representatives from the United Kingdom Commonwealth Secretariat and observers from the INTOSAI Secretariat General, the Organization of American States (OAS), this *Journal*, and the Samoan SAI. The conference theme was Accountability for the 21st Century, and participants considered two primary topics under this theme: the powers and responsibilities of Commonwealth auditors general and supporting the scrutiny functions of parliaments and legislatures.



Participants in the Conference of Commonwealth Auditors General in Bermuda in July 2008

At the opening session, Bermuda's Minister of Finance, the Honorable Paula Cox, officially welcomed conference participants. Linda Fealing, Inspector General of the OAS, reflected on the conference theme and the role of the OAS in transparency and accountability. On behalf of Dr. Joseph Moser, INTOSAI's Secretary General, Gertrude Schicker, Deputy Director of the Austrian SAI, summarized the work of the XIX INCOSAI and underscored the themes of the conference. She noted that the principle of auditor general independence embodied in the recently adopted *Mexico Declaration on SAI Independence* would "continue to strengthen the position of the INTOSAI member institutions toward legislative bodies and authorities, as well as governments." Conference attendees also received a message of welcome from the Commonwealth Secretary General, Kamalesh Sharma, and a presentation by John Wilkins and Marah Kaifala of the Commonwealth Secretariat. These opening presentations set the scene and provided broad background and context for the

remaining conference sessions. The speakers clearly established the central role of auditors general in the accountability framework as key to enhancing accountability across the Commonwealth.

### **Subtheme 1: The Powers and Responsibilities of the Commonwealth Auditors General**

Terence Nombembe, Auditor General of South Africa, chaired subtheme 1, overseeing presentations by SAIs from the United Kingdom, Australia, Ghana, Uganda, Sri Lanka, the Cayman Islands, Malaysia, India, Malta, and Papua New Guinea.

The presentations and subsequent discussions reinforced the centrality of the auditor general's independence to ensuring that accountability mechanisms function effectively and the critical importance of preserving that independence in the constitution or by law. It was noted that this principle of independence, recently reinforced in the adoption of the *Mexico Declaration on SAI Independence*, is the most significant attribute of the auditor general function within the Westminster, or Parliamentary, external audit model.

However, enshrining the independence of the auditor general in law does not in itself guarantee that independence. The conference heard about a number of challenges to the independence of auditors general. The first arises from the increasing demands and expectations that auditors general are called upon to meet. Participants agreed on (1) the importance of constantly maintaining professionalism and the quality of their work and (2) dealing with Public Accounts Committees (PAC), government, and other stakeholders in an open but robust way. The second challenge is securing the resources auditors general need to discharge their responsibilities fully and effectively. Auditors general have explored different ways of funding their offices, including charging fees for the work they do. Overall, they expressed a preference for direct funding from Parliament or the legislature, even though this arrangement may not be ideal in all circumstances. Participants stressed the need to demonstrate clearly the benefits that a well resourced, fully functioning audit office can bring to all concerned.

The third challenge is functioning effectively in a difficult and at times hostile environment. To meet this challenge, auditors general must engage effectively with stakeholders and others who use their work—in particular Parliament, the legislature and, where it is in place, PACs. Auditors general also stressed the importance of following up on recommendations to ensure that the government responds properly to their work.

### **Subtheme 2: Supporting the Scrutiny Functions of Parliaments and Legislatures**

Subtheme 2, chaired by Terrance Bastian, Auditor General of the Bahamas, took as its starting point the varying functions and levels of effectiveness of PACs in different countries. In the theme paper for this topic, Sheila Fraser, Auditor General of Canada, reflected on the Canadian experience and her SAI's commitment to helping parliamentarians oversee public finance. Ms. Fraser outlined various means by which her office supports the PAC and other parliamentary committees in carrying out their

scrutiny functions—for example, appearing as an expert witness, providing advice and support, and responding to requests to undertake specific audits. In particular, she noted a guide (*Examining Public Spending*) her office provides to parliamentarians to assist them in their reviews. Conference attendees received copies of this primer.

The Auditor General of South Africa, Terence Nombembe, began his remarks on this theme by noting that “in spite of the difficult legacy it inherited, South Africa is a dynamic country filled with promise, hope, and opportunity.” His country paper focused on two related areas: what his office is doing to help support national, regional, and local oversight within South Africa and the role Commonwealth auditors general can play in promoting a renewed international focus on supporting PACs. He also highlighted the progress that has been made within South Africa through the formation of the South Africa Association of PACs (APAC) and the Southern African Regional Association of PACs (SADCOPAC).

The Auditor General of the Bahamas, Terrance Bastian, described recent CAROSAI attempts to collectively raise the profile of the region’s SAIs and encourage parliamentary scrutiny of public finances. A CAROSAI survey carried out by the Trinidad and Tobago SAI concluded that the PAC model was not working effectively in the Caribbean and identified a need to train and support parliamentarians and their staff, increase transparency, and make oversight a higher priority for the region’s parliaments.

The concluding presentation for this subtheme introduced a research paper prepared by the Overseas Development Institute for the United Kingdom’s National Audit Office. The paper explored the effectiveness of PACs around the Commonwealth and suggested at least three key effectiveness principles: the independence of the PACs, the capacity to avoid questions of policy, and the ability of different parties to work together. A fourth principle emerged from conference discussions—transparency in the work and proceedings of PACs.



Delegates listen carefully to presentations at the Commonwealth Auditors General Conference

Conference participants discussed topics related to this theme in three separate workshops. In the first workshop, participants discussed how audit offices can help their PACs become more effective. Auditors general concluded that they could learn from each other's experiences in supporting PACs. They also discussed the importance of improving communication between the auditor general and the PAC—for example, by presenting reports and other material in a way that engages PAC members and facilitates their examination of specific subjects. Auditors general also agreed on the importance of the PACs considering topics of current public interest. However, in a number of Commonwealth countries, backlogs and delays in the preparation and submission of accounts made this difficult. Auditors general also felt that more could be done to provide training for PACs and to identify best practices that promote effective PAC functioning. They concluded that more exchanges of learning and experience between PACs would be helpful and suggested that the Commonwealth structures might be able to help facilitate this process at the international level.

In the second workshop, participants discussed the wider support audit offices can provide to Parliament. Auditors general concluded that there were opportunities in this area, and they identified potential benefits as well as risks and barriers to providing this wider support. However, auditors general can adopt strategies to surmount these barriers and manage these risks.

The third workshop focused on issues arising from Commonwealth Secretariat initiatives to strengthen public financial management and promote better governance in Commonwealth countries. Participants concluded that the Secretariat and Commonwealth auditors general could collaborate more closely in this area.

In all three workshops, the auditors general expressed the desire to continue the dialogue with the Commonwealth Secretariat that began at the Bermuda conference. They also expressed the hope that the Commonwealth Secretariat would participate in future conferences.

### **Other Conference Business**

At its final working session, the participants approved without amendment a proposal for funding future Commonwealth Auditors General conferences and accepted an offer from Namibia to host the next conference in 2011.

### **Other Conference Activities**

Throughout the conference, the Auditor General of Bermuda and his staff treated participants with warmth and hospitality. They arranged for a welcoming reception at the historic Government House and, on the following evening, a lovely outdoor reception at the Premier's Residence, where the conference attendees were entertained by local musicians and welcomed by the Premier. The conference concluded with a gala dinner at the Commissioner's House with wonderful music and entertainment. Conference participants also had an opportunity to tour St. Georges and learn its history.

For additional information, contact the Bermuda National Audit Office: e-mail: [eplace@gov.bm](mailto:eplace@gov.bm).

A graphic featuring a spotlight on the left casting a beam of light towards the right. In the background, there is a stylized globe with a grid of latitude and longitude lines. The text "Spotlight on THE STRATEGIC PLAN" is centered over the globe. "Spotlight on" is in a cursive font, while "THE STRATEGIC PLAN" is in a bold, serif font.

# Spotlight on THE STRATEGIC PLAN

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by Kirsten Astrup, INTOSAI Director of Strategic Planning

In the July issue of this *Journal*, I promised to write about cooperation with other standard-setting organizations—in particular, the Institute of Internal Auditors (IIA). The IIA is one of only two associate members in INTOSAI, which clearly emphasizes how important this connection is for both INTOSAI and the IIA. Although I will not discuss INTOSAI's cooperation with the World Bank (the other INTOSAI associate member) at this time, I may do so later, as INTOSAI and the World Bank have worked side by side to fight poverty globally and help developing societies on their way to prosperity.

Before going any further, I must tell you that I am a member of the IIA and its Advocacy Advisory Group. Some of you may think that I am abusing my position by covering the IIA in this column. However, I believe that working in an internal audit environment is a valuable experience for any external auditor. More than 20 years ago, I was working in the Norwegian audit office when the Secretary General of the national postal service approached me. The postal service had decided to establish an internal audit function and needed someone to take on that task. At the time, internal audit was not as common as it is today and, except for the financial sector, very few Norwegian companies and institutions had internal audit units.

I experienced a steep learning curve in my new position, but it was a pleasant time, and I returned to my previous position with a better understanding of internal audit and internal



Kirsten Astrup

control in general. I also learned that there were some negative attitudes towards internal audit among external auditors, and I wondered whether this was motivated by a fear that internal auditors were a threat to their position as “the auditor.” I am glad to say that this way of thinking has changed. There is space for all of us in the profession—we simply have to delineate our duties and respect each other’s work.

Standard-setting is an important element in the INTOSAI strategic plan that is reflected in goal 1: “Promote strong, independent, and multidisciplinary SAIs by encouraging SAIs to lead by example and *contributing to the development and adoption of appropriate and effective professional standards* [emphasis added].” Professionalism starts at home—we all have to do our best in the day-to-day audit work of our SAIs. But to do so, we need standards and guidelines on how to best carry out our work.

Henrik Otbo, Chairman of INTOSAI’s Professional Standards Committee (PSC) and Auditor General of Denmark, signed memoranda of understanding on cooperation in standard-setting with both the International Federation of Accountants (IFAC) and the IIA. As a recently selected member of the Internal Auditing Standards Governance Board, he will also be able to influence internal audit standards for the benefit of public sector auditing. In the work of standards setting, our mutual efforts in organizations like INTOSAI, IFAC, and IIA have proved to be of great value. IFAC comprises 157 members and associates in 123 countries, representing more than 2.5 million accountants in public practice, education, government service, industry, and commerce. The membership of IIA consists of 160,000 individual members from all over the globe. INTOSAI’s 188 member SAIs represent the interests of a huge number of public sector auditors.

Even though INTOSAI develops new standards as needed, cooperation with other international standard-setters is important to seek to influence and address issues of practical interest to SAIs. The area of financial audit standard-setting provides a fine example of cooperation: INTOSAI has adopted a dual approach that complements IFAC standards with a practice note developed by INTOSAI for specific issues. This approach shows that despite the differences between public and private sector auditing, there is a place for beneficial cooperation.

While internal and external auditors within the public sector have different roles, they share the same broad purpose of promoting good governance by contributing to the sound use of public resources and promoting efficient, effective, and economic public administration.

On a global level, INTOSAI and the IIA have cooperated closely and will continue to share their experiences. In his speech to the IIA Board in July 2008, Dr. Josef Moser, INTOSAI’s Secretary General, encouraged greater collaboration between the IIA and INTOSAI. Strengthening cooperation and ties between these two global organizations is highly desirable and will also greatly benefit all concerned at the national level. Even though the internal audit function may be organized differently in different countries,

effective internal audit is a fundamental component of good governance. To be good partners in the audit field, we should share a common language and understand our respective roles, responsibilities, and expectations.

Finally, I would like to reflect upon comments by the chairman of INTOSAI's Governing Board, Arturo González de Aragón, in the last issue of this *Journal*. He stated that the future always presents challenges and that we must keep up with the pace of change if we want to influence events, instead of merely reacting to them. History waits for no one. For INTOSAI to become a model international organization, he affirmed, all of us must intensify international exchanges, become acquainted with best practices, and share new methodologies in the audit profession. He observed that the synergy created by incorporating these efforts within the framework of our strategic plan has already allowed us to attain real outcomes in INTOSAI. I believe that this a very good description of the arena in which INTOSAI operates and an encouragement to all of us to strengthen our efforts.

In the January issue of this *Journal*, I will discuss INTOSAI's communications strategy, which is being developed by a task force headed by INTOSAI's Secretary General. By that time, the task force will have had its first meeting in Vienna in connection with the 58th meeting of the Governing Board.

Please feel free to contact me at [astrup@rechnungshof.gv.at](mailto:astrup@rechnungshof.gv.at) if you have any comments or feedback on issues related to the implementation of INTOSAI's strategic plan.



## Financial Audit Guidelines Subcommittee



### Subcommittee Meetings for 2008

In April, the Financial Audit Guidelines Subcommittee (FAS) held a meeting in London hosted by the U.K. National Audit Office. The subcommittee discussed the prerequisites for its work after 2010 and established its due process basis. The FAS and invited representatives of the secretariat of the Subcommittee on Compliance Audit discussed continued cooperation between the two subcommittees.

At the subcommittee's next meeting on October 16-17, 2008, hosted by the Board of Audit and Inspection of the Republic of Korea, the main agenda item will be the approval of 10 practice notes for exposure.

### New Subcommittee Member

In August 2008, the Office of the Auditor General of South Africa became a new member of FAS. The subcommittee looks forward to the South African SAI's contributions to its work during this intense phase.

### Expert Meetings

Special expert teams (SET) are groups of three or four experts assigned to draft practice notes to a certain series of International Standards on Auditing (ISA). At the beginning of June, SET 2 met in Stockholm to draft practice notes to ISAs 500, 560, 570, and 580. The team was made up of experts from the SAIs of Scotland and Estonia and the European Court of Auditors.

In August, SET 3—comprising experts from the SAIs of Norway, South Africa, and Sweden—drafted practice notes to ISAs 200, 210, 240, and 250.

After FAS approval, the drafts developed will be exposed for comment from November 2008 through January 2009.

In September, SET 4 (with experts from the SAIs of Pakistan, the United States, and Canada) met to draft practice notes to ISAs 600 and 610. The meeting took place in New York and was hosted by the International Auditing and Assurance Standards Board (IAASB).

Experts to draft practice notes as part of the remaining SETs will be appointed during the fall of 2008.

### Evaluation of FAS Work Processes

In April 2008, a group of experienced experts met in London with members of the FAS Secretariat to evaluate the subcommittee's work processes. Participants in the meeting proposed that to speed up the development of practice notes, only special expert teams be used from this time forward. The FAS approved this proposal and issued a new plan for the practice note work (see the following section).

As a condition for continued financial support from the World Bank (one of the subcommittee's main financial supporters), an external consultant will carry out a comprehensive evaluation of the FAS's work.

### **Schedule for Exposure of Practice Notes**

The schedule below lists the SETs responsible for preparing practice notes and the planned exposure periods for the notes. The exposure periods may be delayed if there are any departures from approval procedures at upcoming FAS meetings.

#### **SET 2 (Exposure Period: November 2008–January 2009)**

- ISA 500 – Considering the Relevance and Reliability of Audit Evidence
- ISA 560 – Subsequent Events
- ISA 570 – Going Concern
- ISA 580 – Written Representations

#### **SET 3 (Exposure Period: November 2008–January 2009)**

- ISA 200 – Overall Objective of the Independent Auditor, and the Conduct of an Audit in Accordance with ISAs
- ISA 210 – Agreeing the Terms of Audit Engagements
- ISA 240 – The Auditor's Responsibilities to Consider Fraud in an Audit of Financial Statements
- ISA 250 – The Auditor's Responsibilities Relating to Laws and Regulations in an Audit of Financial Statements

#### **SET 4 (Exposure Period: December 2008–February 2009)**

- ISA 600 – The Audit of Group Financial Statements (Including the Work of Other Auditors)
- ISA 610 – The Auditor's Consideration of the Internal Audit Function

#### **SET 5 (Exposure Period: February 2009–April 2009)**

- ISA 700 – The Independent Auditor's Report on General Purpose Financial Statements
- ISA 705 – Modifications to the Opinion in the Independent Auditor's Report
- ISA 706 – Emphasis of Matter Paragraphs and Other Matter(s) Paragraphs in the Independent Auditor's Report

- ISA 710 – Comparative Information – Corresponding Figures and Comparative Financial Statements
- ISA 720 – Other Information in Documents Containing Audited Financial Statements

#### SET 6 (Exposure Period: April 2009–June 2009)

- ISA 530 – Audit Sampling
- ISA 501 – Audit Evidence Regarding Specific Financial Statement Account Balances and Disclosures.

#### SET 7 (Exposure Period: May 2009–July 2009)

- ISA 510 – Initial Audit Engagements–Opening Balances
- ISA 520 – Analytical procedures
- ISA 540 – Auditing Accounting Estimates, including Fair Value Accounting Estimates, and Related Disclosures

### Translations

Final versions of the practice notes are expected to be ready 3 to 4 months after the end of their exposure periods. The European Commission of Auditors will translate the notes into four of the five official INTOSAI languages (all except Arabic). The Arabic translation will be done by the German translation service Büro Tazir, and the quality assurance will be done by the Moroccan Cour des Comptes. The translation process is expected to take most of 2009, and the translated practice notes will be presented to the INTOSAI Governing Board at INCOSAI 2010.

For additional information, please contact the FAS Secretariat:

E-mail: [projectsecretariat@riksrevisionen.se](mailto:projectsecretariat@riksrevisionen.se)

Web site: <http://psc.rigsrevisionen.dk/fas>

### Subcommittee on Performance Audit

The Brazilian Court of Audit hosted the second meeting of INTOSAI's Subcommittee on Performance Audit (PAS) in Brasilia, Brazil, May 28–30, 2008. Minister Walton Alencar Rodrigues, the PAS Chair and President of the Court of Audit, welcomed the participants, which included subcommittee members from the SAIs of Saudi Arabia, Australia, France, the Netherlands, Mexico, Norway, and Sweden and representatives from the European Court of Auditors, the SAI of Denmark (chair of INTOSAI's Professional Standards Committee), the World Bank, and the INTOSAI Development Initiative (IDI).



Participants in the Subcommittee on Performance Audit meeting in Brazil in May 2008.

The meeting agenda included presentations by the SAIs of Denmark, Brazil, France, and Australia and by IDI. The Brazilian SAI discussed the results of a mini-survey carried out to determine the audit phases and audit methods or techniques that should be addressed in new performance audit guidelines. The Danish delegates talked about the process for developing standards and guidelines and key Professional Standards Committee initiatives. The French delegate outlined the work of the INTOSAI Program Evaluation Working Group and how this work will relate to the PAS in the future. The Australian SAI described performance audit issues that are important in Australia and relevant to PAS. The IDI delegate addressed the current performance audit scenarios in different INTOSAI regions and related IDI strategies and actions.

Participants discussed the next steps in PAS work and approved the work plan for 2008–2010. The subcommittee members agreed that PAS would prepare standards for performance audit by extracting them from current INTOSAI guidelines and would develop guidance on establishing a sustainable performance auditing function within an SAI. The work plan is available on the PAS Web site: <http://psc.rigsrevisionen.dk/composite-170.htm>.

The next PAS meeting will be in Norway in April 2009.

The current members of the PAS are the SAIs of Brazil (Chair), Australia, Canada, Denmark, France, Guyana, Kiribati, Mexico, the Netherlands, Norway, Saudi Arabia, Slovenia, South Africa, Sweden, Tunisia, and the United Kingdom and the European Court of Auditors.

For additional information, contact the Brazilian Court of Audit:

E-mail: [arint@tcu.gov.br](mailto:arint@tcu.gov.br)

Web site: [www.tcu.gov.br](http://www.tcu.gov.br)

## Subcommittee on Internal Control Standards

On April 21 and 22, 2008, a task force of the INTOSAI Subcommittee on Internal Control Standards met in Brussels, Belgium, to discuss how to implement the subcommittee's work plan, which was approved at the XIX INCOSAI. The Belgian Court of Audit, which chairs the subcommittee, hosted the meeting. Other attendees included delegates from the SAIs of Bangladesh, Hungary, Lithuania, the Netherlands, Romania, the Russian Federation, South Africa, Spain, the Sultanate of Oman, Ukraine, the United Kingdom, and the United States. A delegate from the Institute of Internal Auditors (IIA), which concluded a memorandum of understanding with INTOSAI in 2007, also attended the meeting.

The task force endorsed the 2008 action plan for collaboration with the IIA. According to the terms of this plan, the IIA and the subcommittee were to work out joint papers on the independence of internal auditors in the public sector and collaboration between external and internal auditors in the public sector. After being reviewed by both the subcommittee and the IIA, the papers are to be included in INTOSAI's framework of professional standards as part of the INTOSAI Guidance for Good Governance (INTOSAI GOV) to be approved by the XX INCOSAI in 2010.

According to the action plan, the IIA and the subcommittee also agreed to work together to prepare an e-platform of internal control tools and develop aspects of good governance. Both entities are committed to informing each other about the latest developments in the field of internal control.

The task force reviewed the framework drawn up by the Belgian Court of Audit on collaboration between SAIs and internal auditors and the IIA's outline regarding the internal auditor's independence in the public sector. Based on comments received from task force members at and following the meeting, the chair and the IIA are revising the documents, which will be submitted to all subcommittee members for comment.

A working group was created to make the e-platform for internal control standards and guidance on good governance operational as soon as possible. Working group members include the SAIs of South Africa, the United States, and the Netherlands, with the latter being the lead SAI.

Finally, the task force suggested that lines of communication be opened with COSO as soon as possible to implement the work plan. (COSO stands for the Committee of Sponsoring Organizations of the Treadway Commission, a nonprofit commission that in 1992 established a common definition of internal control and created a framework for evaluating the effectiveness of internal controls.) The chair of the Professional Standards Committee will take the lead in establishing formal contacts with COSO.

For additional information, contact the Belgian Court of Audit:

E-mail: [International@ccrek.be](mailto:International@ccrek.be)

Web site: [www.ccrek.be](http://www.ccrek.be)

## **Additional Events at the VII EUROSAI Congress**

The July 2008 edition of this *Journal* reported on the VII EUROSAI Congress, held in Krakow, Poland, in June 2008 (see p. 18). A number of other events in addition to those reported in that article took place at the congress.

Three international joint audit reports were signed. The first reported on a parallel audit conducted by the SAIs of Poland, Ukraine, and Belarus and was entitled *Protecting the Waters of the Bug River Watershed from Pollution*. The second, entitled *Waste Movement across the State Borders of Ukraine, Slovakia, and Poland from 2004-2007 (first half) in view of the Basel Convention*, reported on a parallel audit conducted by the SAIs of Poland, Slovakia, and Ukraine. The final joint report was on the international coordinated audit of the Chernobyl Shelter Fund that was conducted by the SAIs of Ukraine, Germany, Poland, the Netherlands, the Russian Federation, Slovakia, Switzerland, and the United States and by the European Court of Auditors.

In addition, two bilateral agreements on cooperation were signed. The agreements were between the Accounting Chamber of Ukraine and the Spanish Court of Audit and between the Supreme Chamber of Control of Poland and the Court of Accounts of Moldova.

For additional information, contact the Supreme Chamber of Control (NIK) of Poland:

E-mail: [wsm@nik.gov.pl](mailto:wsm@nik.gov.pl)

Web site: [www.nik.gov.pl](http://www.nik.gov.pl)

## **OLACEFS Working Group on Environmental Audit**

The sixth meeting of the OLACEFS Working Group on Environmental Audit (COMTEMA) took place at the headquarters of the Brazilian Court of Audit in Brasilia, Brazil, June 11–13, 2008.

Representatives of the SAIs of Argentina, Mexico, Paraguay, Colombia, and Venezuela participated in the event, and the SAIs of Estonia, Peru, El Salvador, and Panama sent observers. The meeting agenda included a lecture from a specialist on climate change, presentations by Brazilian Court of Audit representatives, and evaluations of the actions proposed in the working group's work plan for 2006 through 2008.

The members of the working group adopted the 3-year work plan, agreed to limit the number of members, and updated descriptions of positions and member responsibilities. They also held a preliminary discussion of the 2009-2011 work plan, which places a priority on cooperation audits related to work plan objectives.

The Brazilian Court of Audit will continue to coordinate the working group until its next meeting in Argentina in April 2009.



Participants in the OLACEFS Working Group on Environmental Audit meeting in Brazil in June 2008

For additional information, contact the Brazilian Court of Audit:

E-mail: [arint@tcu.gov.br](mailto:arint@tcu.gov.br), [omirpl@tcu.gov.br](mailto:omirpl@tcu.gov.br)

Web site: [www.tcu.gov.br](http://www.tcu.gov.br)

## **New Name for Pacific Regional Working Group**

The name of the South Pacific Association of Supreme Audit Institutions (SPASAI) was changed to the Pacific Association of Supreme Audit Institutions (PASAI) at the 11th PASAI Congress held in April 2008. The name change was made to acknowledge that members of the working group are from both the North and South Pacific.

The New Zealand Controller and Auditor-General remains as the Secretary-General of PASAI. A new Secretary-General is to be named, probably at the 12th PASAI congress in Palau in mid-2009, and a PASAI Secretariat will be established in Suva, Fiji. The SPASAI Web site has been removed and a new Web site will be established at [www.pasai.org](http://www.pasai.org).

For additional information, please contact the New Zealand Office of the Controller and Auditor-General:

E-mail: [kevin.brady@oag.govt.nz](mailto:kevin.brady@oag.govt.nz), [enquiry@oag.govt.nz](mailto:enquiry@oag.govt.nz)

Web site: [www.oag.govt.nz](http://www.oag.govt.nz)

## IDI UPDATE



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

### **IDI/AFROSAI-E Regional User Guidance on Detecting Fraud while Auditing**

In 2005, IDI assisted AFROSAI-E (the English-speaking regional organization in Africa) in developing training material on detecting fraud while auditing. In 2007, audit teams from five countries in the region were invited to develop customized fraud guidelines for their SAIs with the help of subject matter experts. After validating the guidelines' relevance through pilot audits, the teams came together for a 2-week workshop in South Africa in July 2008 to develop the AFROSAI-E *Regional Guidelines on Detecting Fraud while Auditing*, which will be presented at the region's technical update meeting later this year.

### **IDI/AFROSAI-E Development of Reporting Guidelines for SAIs**

IDI has been cooperating with AFROSAI-E to develop a number of institutional level interventions, such as needs assessments, strategic planning, and calibration of institutional strengthening frameworks. In response to a felt need to develop guidelines to enable the region's SAIs to report on their performance, five regional experts met in South Africa for a week in August 2008 to develop SAI reporting guidelines. The guidelines will be reviewed and approved by the regional Capacity Building Committee and presented at the AFROSAI-E technical update meeting later this year.

### **IDI/AFROSAI-E Needs Assessment and Strategic Planning Program**

In 2007, IDI and AFROSAI-E cooperated to initiate a needs assessment and strategic planning program for selected regional SAIs. The five participating SAIs—Ethiopia, Seychelles, Liberia, Malawi, and Zambia—conducted needs assessments and developed strategic plans based on identified needs. In August 2008, the teams met in South Africa for 1 week to have their strategic plans reviewed and receive assistance in developing operational plans linked to strategic plans.

### **IDI/ASOSAI Blended Learning Program for Trainers**

Although two pools of training specialists have already been trained in ASOSAI, the region asked IDI to provide a third train-the-trainers program to strengthen the regional training network. For this third program, IDI decided to pilot a blend of e-learning and face-to-face training. The instructor team reviewed the course material used during the previous program at a 2-week redesign meeting held in Vietnam in July 2008. Forty participants from 21 targeted SAIs were chosen through an online selection process designed to ensure they had the right experience, potential, and aptitude. During a 3-week online preparatory learning phase in September/October 2008, the selected participants were introduced to each other and were given an overview of capacity building, the Systematic Approach to Training, and the e-learning medium. Later in the year, they will meet face to face at the Course Design and Development Workshop in Vietnam. In line with recent IDI developments, the program aims to create not only classroom trainers but also facilitators who can design and deliver different kinds of capacity-building interventions.



### **IDI/ASOSAI Quality Assurance Program**

Needs assessments conducted in ASOSAI in 2007 identified a need to strengthen the audit quality assurance systems of a number of SAIs in the region. Course materials and a draft *Quality Assurance Handbook* were prepared in March 2008. In August 2008, a 2-week Quality Assurance Workshop was held in Mongolia for teams from 10 targeted regional SAIs. During the workshop, the teams prepared and presented plans for conducting pilot quality assurance reviews. Following the workshop, the teams carried out pilot quality assurance reviews in their SAIs. These quality assurance reviews will be circulated to the other participating teams for peer review.

### **IDI/OLACEFS Needs Assessment Program**

This program is designed to identify capacity-building needs in OLACEFS and develop the region's capacity to assess needs by training SAI staff on needs assessment methodology and techniques. After a design meeting in June 2008, a needs assessment survey was sent to all SAIs in the region. Based on this survey, seven SAIs were invited to send teams of auditors to the Needs Assessment Workshop held in Peru during the first 2 weeks of September 2008. After this workshop, the teams will perform institutional needs assessments in their SAIs and meet in January 2009 to receive feedback on their work.

### **Transitional Working Group Meeting in PASAI**

The Pacific Association of Supreme Audit Institutions (PASAI, formerly known as SPASAI) is changing its organizational structure and has therefore set up a transitional working group that will oversee the implementation arrangements. In September 2008, IDI met with the group in New Zealand to make some key decisions and identify potential areas of cooperation with the region.

### **Transregional Capacity-building Program on Auditing Public Debt Management**

SAIs are increasingly requesting capacity development in public debt auditing. In view of the topic's relevance and importance within INTOSAI, IDI decided to undertake a transregional capacity-building program in public debt management audit in cooperation with the Debt Management Programme (DMFAS) of the United Nations Conference on Trade and Development, the United Nations Institute for Training and Research, and the INTOSAI Working Group on Public Debt.

Program stakeholders and subject matter experts met at the United Nations offices in Geneva, Switzerland, for a 3-day planning and curriculum meeting in September 2008 to discuss and agree on the program design and roles and responsibilities. They also developed a survey questionnaire to be sent out to SAIs in the target regions.

### **IDI and Liaison with the INTOSAI community**

IDI representatives have attended and reported at the following events in recent months: CAROSAI meetings and the Commonwealth Auditors General Conference (Bermuda), Transitional Plan Implementation Workshop (South Africa), and the OLACEFS Regional Training Committee meeting (Peru).

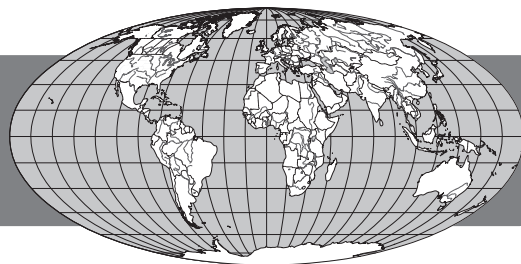
### **Contacting IDI**

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

E-mail: [idi@idi.no](mailto:idi@idi.no)

Web site: [www.idi.no](http://www.idi.no)

# INTOSAI 2008-2009 Events



October	November	December
<p>16-17 Financial Audit Subcommittee meeting, Seoul, Korea</p> <p>21-23 Professional Standards Committee Steering Committee meeting, Beijing, China</p> <p>29 Capacity Building Committee Steering Committee meeting, Rabat, Morocco</p>	<p>11 United Nations/INTOSAI Platform meeting, Vienna, Austria</p> <p>12 INTOSAI Communications Strategy Task Force meeting, Vienna, Austria</p> <p>13-14 58th INTOSAI Governing Board meeting, Vienna, Austria</p>	
2009		
January	February	March
<p>25-29 Working Group on Environmental Auditing meeting, Doha, Qatar</p>	<p>11-13 20th United Nations/INTOSAI Symposium, Vienna, Austria</p>	<p>17-19 Meeting of the Working Group on Privatization, Economic Regulation and Public-Private Partnerships, Moscow, Russian Federation</p>
April	May	June
<p>TBD Financial Audit Subcommittee meeting, Luxembourg</p> <p>TBD Subcommittee on Performance Auditing meeting, Norway</p>		

*Editor's Note:* This calendar is published in support of INTOSAI's communications strategy and as a way of helping INTOSAI members plan and coordinate schedules. Included in this regular *Journal* feature will be INTOSAI-wide events and regionwide events such as congresses, general assemblies, and board meetings. Because of limited space, the many training courses and other professional meetings offered by the regions cannot be included. For additional information, contact the Secretary General of each regional working group.

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